

# JUSTICE DEPARTMENT DOCUMENT PRODUCTION

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HEARING  
BEFORE THE  
COMMITTEE ON  
BANKING, HOUSING, AND URBAN AFFAIRS  
UNITED STATES SENATE  
ONE HUNDRED THIRD CONGRESS  
SECOND SESSION  
VOLUME XXIV

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JUSTICE DEPARTMENT DOCUMENT PRODUCTION  
IN RESPONSE TO S. RES. 229

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Printed for the use of the Committee on Banking, Housing, and Urban Affairs



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WASHINGTON : 1994

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(III)





U.S. Department of Justice

Office of Legislative Affairs

Office of the Assistant Attorney General

Washington, D.C. 20530

July 1, 1994

Honorable Donald W. Riegle, Jr.  
Chairman  
Committee on Banking, Housing, and  
Urban Affairs  
United States Senate  
Washington, D.C. 20510

Honorable Alfonse M. D'Amato  
Ranking Member  
Committee on Banking, Housing and  
Urban Affairs  
United States Senate  
Washington, D.C. 20510

Dear Mr. Chairman and Senator D'Amato:

This is in response to your letter of June 22, 1994 to Attorney General Reno requesting that the Committee be provided documents relating to the following subjects:

- (a) communications between officials of the White House and the Department of the Treasury or the Resolution Trust Corporation relating to the Whitewater Development Corporation and the Madison Guaranty Savings and Loan Association;
- (b) the Park Service Police investigation into the death of Vincent Foster; and
- (c) the way in which White House officials handled documents in the office of Vincent Foster at the time of his death.

Representatives of the Department met today with majority and minority staff of the Committee and Senate Counsel Michael Davidson concerning production of these materials. It was noted that documents generated in the investigation of these matters by Independent Counsel Robert B. Fiske, Jr. would be provided directly to the Committee by Mr. Fiske. Documents in the possession of Department would be provided by the Department.

The Department has set July 11 as its goal for production of the documents. But as was noted at the meeting, Mr. Fiske will review our proposed production to assure it will not interfere with his investigation. We hope to adhere as closely as possible to the target date.

Sincerely,

A handwritten signature in dark ink, appearing to read 'J. D. Robinson', with a long horizontal flourish extending to the right.

Jeffrey D. Robinson  
Deputy Assistant Attorney General



## U. S. Department of Justice

Office of the Independent Counsel

1001 Pennsylvania Avenue, N.W.  
Suite 490-North  
Washington, D.C. 20004

202-514-8688

July 11, 1994

Donald W. Riegle, Jr.  
Chairman  
United States Senate  
Committee on Banking, Housing,  
and Urban Affairs  
Washington, D.C. 20510

Alfonse M. D'Amato  
Ranking Member  
United States Senate  
Committee on Banking, Housing,  
and Urban Affairs  
Washington, D.C. 20510

Dear Senators Riegle and D'Amato:

Pursuant to your request of July 1, 1994, enclosed please find copies of records in the possession of the Office of the Independent Counsel ("OIC") pertaining to the completed investigation(s) into (1) the death of Vincent W. Foster, Jr., and (2) communications between officials of the White House and the Department of the Treasury or Resolution Trust Corporation. As we have discussed, I cannot yet release to you records pertaining to the possible mishandling of documents in the office of Vincent Foster because, unlike the two aforementioned investigations, the document investigation is ongoing. As you also know, under Federal Rule of Criminal Procedure 6(e), I cannot produce to you any record pertaining to any of the three investigations if it involves matters presented to the Grand Jury.

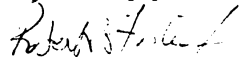
Much of the material provided to you today is in the form of "FBI FD-302s" -- records of witness interviews conducted by FBI agents and attorneys on my staff. In an effort to expedite a production to you and to avoid needless repetition, I am not at this time producing the "backup" to these forms -- handwritten notes of the agents, memos to file, communications between members of my staff, or other material that reflects the deliberative process of this Office or is traditionally protected attorney work product. I am similarly not producing documents that I know are being produced to you from their original sources and documents such as newspaper articles that are publicly available.

I have attempted to release as much information as is possible today. In many instances, witnesses were interviewed on more than one topic, and the records of their interviews have had to be redacted to the extent that they reflect either Grand Jury or ongoing investigation material. In the interest of expediency, to the extent that a record consists primarily of such material, it is being withheld in its entirety at this time.

Out of respect and consideration for the Foster family and in appreciation of the witnesses who came forward despite great hesitancy to become involved in this investigation, I have redacted certain names and descriptive information from the FBI FD-302s, and withheld the original note found in Mr. Foster's office and photographs taken on July 20, 1993 at the scene of his death.\* I am sure you will appreciate their need for privacy as much as I, and I understand that all materials released to you today will be afforded the same security procedures as those produced to you by the Department of the Interior.

Finally, it has recently come to my attention that some records responsive to your request might already be in an FBI storage facility in Virginia. My office is looking into this, and if necessary, I will supplement this production. If you have any questions, please feel free to contact me at (202) 514-8688.

Respectfully yours,



Robert B. Fiske, Jr.  
Independent Counsel

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\* Large aerial photographs of Ft. Marcy Park are available for viewing at the OIC, should you so desire.



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## FEDERAL BUREAU OF INVESTIGATION

Date of transcription 5/18/94

Dennis I. Foreman, Deputy General Counsel, Department of the Treasury, 1500 Pennsylvania Avenue, NW, Washington, D.C. (WDC) was interviewed at the Office of the Independent Counsel, 1001 Pennsylvania Avenue, NW, WDC. After being apprised of the identities of the interviewing agents and that the purpose of the interview was to discuss his knowledge surrounding contacts between officials of the Department of the Treasury and The White House regarding criminal referrals of the RTC, Foreman thereafter provided the following information:

Foreman first became aware of meetings between DOT officials and members of The White House staff prior to press reports appeared in the Washington Post. His knowledge concerned the September 29 meeting between DOT and White House officials. Jean Hansen, General Counsel, DOT was talking to the Public Affairs Officer at DOT regarding two meetings related to criminal referrals circa March, 1994. Foreman heard about the October 14th meeting between DOT and White House officials a day before it appeared in the post circa March, 1994. If Foreman had prior knowledge of the September and October meetings, he would have learned it from Hansen's daily schedule. Hansen's schedule would have been typed on an index card and forwarded to him.

Foreman recalls from his date book notes regarding the recusal of Deputy Treasury Secretary Roger Altman regarding issues related to Madison Guaranty while acting in his capacity as Acting Chief Executive Officer (CEO). Foreman advised that this date book would have turned over to be reviewed pursuant to a subpoena issued on March 4, 1994. A paper contained in the book was formed (?) to the OIC on April 19, 1994. Foreman did not recall from the note came. Foreman was shown a copy of the note and its contents which concerned a request for a meeting with Cliff Sloan and BN, which could be either Beth Nolan or Bernie Nussbaum, both of The White House Counsel's office. Mark Gearan was listed as individual in the meeting. The name Jean was representative of Jean Hansen, and Josh referred to Josh Steiner. The letters asap referred to as soon as possible. Also listed on the note was the term sensitive RTC matters along with

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by \_\_\_\_\_ Date dictated 5/17/94

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the word stories/reporters. A separate line contained on the note was unrecalled regarding its context. The note appears to mention the October 14 meeting.

Foreman speculates that asap suggests that Foreman was being asked to help set up the meeting. He would not have been surprised if he had been requested to set up the meeting between Treasury officials and Nussbaum. The book containing the aforementioned references was kept in Foreman's desk. Foreman did not recall a November meeting between Jean Hansen and Nussbaum.

On February 4th, at unintelligible. Senator Alfonse D'Amato sent a letter regarding the Statute of Limitations related to Madison Guaranty. There may have been press reports regarding civil claims attached to Madison Guaranty. On February 1st, Altman had written a letter to Senator D'Amato. It was noted by Foreman that the RTC reviewed the civil side of law suits related to Madison Guaranty.

On January 31 or February 1, Hansen came to Foreman and asked if Altman should recuse himself from issues related to Madison Guaranty while serving in his capacity as Acting CEO, RTC. Foreman's gut reaction is that Altman should recuse himself and Hansen agreed. Foreman was aware some time later, that Hansen advised him that Altman was thinking about recusing himself. Foreman noted that recusal is required only if presented immediately with a situation. Individuals within the RTC felt referrals should go to offices other than at Washington.

On February 2, 1994, Hansen advised that she had likely talking points for the February 2nd meeting on the issue of Madison Guaranty. Foreman wanted to look at the talking points. Talking points concern procedural stuff. Hansen and Foreman agreed that the last issue to be addressed would be Roger recusing himself. The February 2nd meeting took place on a Wednesday afternoon and it was determined that Altman's involvement in issues related to Madison Guaranty did not violate ethical rules at the time. Altman was contacted the week of February 2nd regarding the issue of recusal. On Wednesday night or Thursday, the day after the February 2nd meeting, Hansen said there was negative reaction from The White House on the issue of recusal. She provided no specifics regarding who the reaction came from. On February 3rd, a letter from Congressman Jim Leach, dated February 3rd, addressed the issue of Altman's recusal on

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the issue of Madison Guaranty. Leach's letter suggested that Altman consider recusing himself with regard to his vacancy act proposal.

On February 3rd, Foreman was contacted by Beth Nolan of The White House Counsel's office. Nolan served as the Ethics Officer for The White House. On Friday Nolan was contacted by Foreman. She was informed that RTC Counsel Art Kosinski and Ellen Colca re Altman's recusal. The issue was whether or not Altman's friendship with the President was included in recusal. Setting a precedent regarding recusal was of concern to Foreman. The letters of both Congressman Leach and Senator D'Amato were both faxed to Nolan.

A determination was made that a friendship was not a covered area where recusal is necessary.

Ten days were spent working on a draft regarding this issue. During that time period the Statute of Limitations was expanded with regard to Madison Guaranty Savings and Loan, Little Rock, Arkansas. On Friday, February 18th, the Office of Government Ethics, the RTC, and Foreman agreed to a draft regarding recusal with the opinion from Kosinski to Altman that he did not have to recuse himself. Altman's friendship with the President was considered.

On Friday, Jean Hansen asked for recusal. This was later signed by Altman. Foreman contacted Nolan after Altman's recusal sometime between February 28 and March 1.

On April 20, 1994, Foreman talked to Steve McHale. Kenneth Smalzback remembers earlier call between Nolan and Foreman.

Hansen and Foreman talked on Tuesday, March 8, 1994. Smalzback, McHail, and Foreman worked on questions and answers (q's and a's) in preparation for Altman's testimony. Hansen wanted Bensen to have the full benefit of her comments related to the issue of recusal. Sometime Monday or Tuesday at approximately 4:00 am it was considered whether or not Bensen should be advised.

Lidy and Foreman were least informed regarding the earlier White House RTC meetings. Altman and Hansen were contacted regarding their recollection so that q's and a's

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responses could be constructed. Alternative answers were prepared for review by senior policy staffers. Secretary Bensen's response drafts were prepared after the subpoena was issued to White House and Treasury Department officials. Bensen told that Hansen recalled the Tuesday meeting and that it was mentioned in front of him. Altman didn't think it was mentioned in front of the secretary. Bensen agreed with Altman regarding this point. Bensen did not use the prepared Q and A response to address the issue of recusal. He, instead, shows his own general response to the issue.

Foreman was unaware of any other White House contacts. Foreman advised that he had no influence regarding Altman's position related to recusal.

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## FEDERAL BUREAU OF INVESTIGATION

Date of transcription 5/19/94

JOEL IRWIN KLEIN, Deputy Counsel to the President, The White House, was interviewed at the Office of the Independent Counsel (OIC), 1001 Pennsylvania Avenue, NW, Washington, D.C. (WDC). Participating in the interview was MARK STEIN, Attorney for the OIC. After being apprised of the identities of all parties participating, and the purpose of the interview, KLEIN thereafter provided the following information:

KLEIN began working at The White House on December 1, 1993. KLEIN first worked on the CLINTON Presidential Election Campaign performing unspecified legal taskings. KLEIN had met CLINTON several times at Renaissance weekends down at Hilton Head Island, South Carolina. During the CLINTON Presidential Campaign, KLEIN headed one of several vetting teams. KLEIN also played a role in researching nominees to fill a Supreme Court vacancy. Prior to his arrival at The White House, KLEIN was a partner in the appellate law practice of KLEIN, FARR, SMITH and FARLINGTON.

KLEIN recalled that former Deputy Counsel to the President, VINCENT W. FOSTER, JR., killed himself during the nomination process surrounding current Supreme Court Justice, RUTH BADER GINSBURG.

In November, 1993, KLEIN was selected to serve as the Deputy Counsel to the President. He noted that his precise role as Deputy Counsel has not been clearly defined. KLEIN recalls having several discussions with White House Counsel BERNARD NUSSBAUM regarding executive power issues prior to his (KLEIN's) selection as Deputy Counsel. KLEIN had seen FOSTER during briefings on Supreme Court nominees to fill the seat vacated by Justice BYRON WHITE. KLEIN was not at The White House on July 20, 1993, the date of FOSTER's death. He played no role in going through documents in FOSTER's office subsequent to his death. KLEIN recalls meeting FOSTER approximately three to four times before his death.

KLEIN has had several conversations with members of The

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White House Counsel's office regarding the death of FOSTER. KLEIN recalls speaking to BERNARD NUSSBAUM, White House Counsel; CLARISSA CERDA and CHERYL MILLS, both of the Counsel's office.

KLEIN was not aware of meetings between White House and Treasury officials on September 29, 1993, or October 14, 1993 until February 25, 1994, when he first became aware of the September and October meetings between White House and Treasury Department officials.

KLEIN's first awareness of the Resolution Trust Corporation (RTC) investigation into Madison Guaranty Savings and Loan was in late January or early February, 1994. His awareness is based on discussions in the Counsel's office regarding the statute of limitations related to civil suits filed against Madison Guaranty.

In January, 1994, discussions began to take place regarding whether or not a special counsel should be appointed. At this time KLEIN began to look at relationships between the special counsel and legislation regarding an independent counsel that was pending on Capitol Hill. A response team was formed made up of HAROLD ICKES, BRUCE LINDSEY, NUSSBAUM, and EGGLESTON to respond to Whitewater related issues. After the special counsel was called for, KLEIN returned to the task of looking at

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judicial and executive power issues.

NUSSBAUM had spoken to KLEIN regarding the recusal issue centering around ROGER ALTMAN. ALTMAN is Deputy Treasury Secretary and was serving, for a time, as the Chief Executive Officer (CEO) of the RTC. ALTMAN had expressed his concern that he recuse himself regarding any matters related to Madison Guaranty while acting in the capacity as CEO of the RTC. KLEIN was aware that ALTMAN came over to The White House and had discussions regarding his recusal. KLEIN was aware that ALTMAN was still thinking about recusal. NUSSBAUM was upset with ELLEN KULKA, Counsel, RTC. KLEIN believed it was clear that NUSSBAUM was against KULKA "running the show." NUSSBAUM described KULKA to be aggressive and lacking judgement. KLEIN believed NUSSBAUM was of the opinion that KULKA would be "unfair." KLEIN recalls discussions of ALTMAN's recusal had been held during the daily 9:00 am meeting of the Counsel's office staff.

BETH NOLAN had raised at a morning staff meeting, that she had received a call from DENNIS FOREMAN, the Ethics Officer at the Treasury Department. NOLAN was going to discuss legal issues regarding recusal. No further discussion ensued. NOLAN's conversation with the Counsel's office staff was held subsequent to the February 2, 1994 meeting between Treasury Department officials and White House staff.

Regarding the February 2, 1994 meeting where recusal was discussed, KLEIN felt that The White House should not be involved in the recusal discussions in that, the recusal of ALTMAN for issues related to Madison Guaranty was not a White House issue.

KLEIN expressed the opinion that The White House could not be viewed as having had a role in the selection process of the Special Prosecutor.

KLEIN took no steps to find out what happened at the February 2nd meeting between Treasury Department officials and White House staff. It was clear to KLEIN that the February 2nd meeting was confidential and should not be discussed. He believes that DAVID GERGEN may have been informed of the meeting.

Between February 2, 1994 and February 24, 1994, KLEIN had no conversations with Treasury Department officials regarding Madison Guaranty Savings and Loan or Whitewater Development

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Corporation. KLEIN was not aware of the contact between The White House and Treasury. He was not involved in the preparation of ALTMAN's testimony before the Senate Banking Committee.

On the day of ALTMAN's testimony, KLEIN was aware that NUSSBAUM was unavailable in Mexico. KLEIN became concerned regarding the recusal issue during ALTMAN's testimony on February 24, 1994, before the Banking Committee.

On March 25, 1994, CLIFF SLOAN visited KLEIN. SLOAN was concerned that he had knowledge of additional contacts between Treasury officials and The White House. This information was released to the media on March 25th, regarding ALTMAN's recusal concerning issues related to Madison Guaranty.

On February 25, 1994, KLEIN thinks he may have had conversations with people in The White House related to the Treasury Department White House meetings. KLEIN was not aware of how JAY STEPHENS was hired by the RTC.

At this point KLEIN began to become more concerned regarding the Treasury Department/White House staff meetings. KLEIN entered discussions with GEORGE STEPHANOPOULOS, asking STEPHANOPOULOS the status of his comments regarding JAY STEPHENS. STEPHANOPOULOS did not ask anyone if STEPHENS could be released.

On February 25, 1994, KLEIN held a discussion with BRUCE LINDSEY. KLEIN advised that NUSSBAUM had told him that ALTMAN was going to recuse himself regarding issues related to Madison Guaranty. KLEIN became concerned regarding the recusal issue and how it would play out. He could not understand why JEAN HANSON, General Counsel, The Treasury Department, didn't correct ALTMAN at the Oversight Hearing.

Tuesday and Wednesday KLEIN was in meetings in JOHN PODESTA's office regarding the recusal issue. Others in the office were TODD STERN and PODESTA. PODESTA led the meetings.

KLEIN was involved in producing a firewall memo regarding press inquiries related to the October 14th Treasury Department/White House staff meeting. KLEIN was involved in trying to get information regarding the October 14th meeting. ALTMAN was going to go back and testify before the Senate Banking Committee regarding the recusal issue. KLEIN spoke to Communications Director MARK GEARAN regarding the October 14th

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meeting. KLEIN was of the belief that the October 14th meeting covered how to handle press inquiries. KLEIN was not aware that on February 2, 1994, ALTMAN had informed White House officials that he was going to recuse himself from matters related to Madison Guaranty in his capacity as Acting Head of the RTC.

In way of background, KLEIN advised that Renaissance weekend was started by PHIL LADER. The purpose of the weekend was to go down to Hilton Head Island, South Carolina, for discussions at the end of the year on a variety of topics. From 1979 to 1992 the event grew in stature. The CLINTONS began to attend Renaissance weekends back in 1985. The weekend is made up of panels on politics, the future of the two-party system, etc.

KLEIN viewed documents from the Thursday before the subpoena date in March of 1994. KLEIN was aware that the Office of Government Ethics was to evaluate the propriety of Treasury/White House meetings.

With regard to ALTMAN's testimony before the Senate Banking Committee, questions arose regarding the appropriateness of BERNIE NUSSBAUM working on Whitewater issues. A determination was in order as to what should The White House Counsel's office handle and what should CLINTON's personal attorney KENDALL handle. The question regarding the appropriateness of NUSSBAUM being connected to Whitewater matters may have been a reporter's question. According to KLEIN, BETH NOLAN was putting a paper together regarding those issues.

On March 5, 1994, PAUL TOBACK, wanted to know who ALTMAN had an appointment with on February 2, 1994. HANSON had a 1:20 appointment with MAGGIE WILLIAMS and a 5:00 pm meeting with Mac, believed to be MACK MCLARTY.

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**FEDERAL BUREAU OF INVESTIGATION**Date of transcription 6/12/94

ROGER C. ALTMAN, Deputy Secretary of the Treasury of the United States, was interviewed at the Office of the Independent Counsel (OIC), 1001 Pennsylvania Avenue, N.W., Washington, D.C. MARK STEIN, Associate Counsel, OIC, participated in the interview. JOHN J. KENNEY and RICHARD I. BEATTIE of Simpson, Thacher & Bartlett, 425 Lexington Avenue, New York, New York 10017, (212) 455-2000, Mr. ALTMAN's attorneys, were also present. In the course of the interview, ALTMAN gave the following information:

Other than newspaper accounts, ALTMAN first heard of Madison Guaranty Savings & Loan (MGSL) and a possible association with BILL and HILLARY CLINTON from either JEAN HANSON, General Counsel to the Treasury Department; BILL ROELLE, at the time Senior Vice President of the Resolution Trust Corporation (RTC); or both. ALTMAN believes it is more likely he learned about MGSL from ROELLE. When he learned about MGSL, ALTMAN asked if the matter was being handled in the same fashion as other such matters. ALTMAN issued instructions that if such situations were usually handled on a regional basis, MGSL should be handled on a regional basis. ALTMAN has no recollection of any substantive briefing from BILL ROELLE concerning MGSL and RTC criminal referrals. ALTMAN has no recollection of referring ROELLE to JEAN HANSON with instructions to brief HANSON about MGSL criminal referrals.

During ALTMAN's tenure as interim CEO of the RTC, his office remained at Main Treasury. ALTMAN conducted two staff meetings per week in his oversight of the RTC. To the best of ALTMAN's recollection, MGSL never was discussed in a staff meeting.

(At this point in the interview, MARK STEIN allowed ALTMAN and his attorneys to read a memorandum from LEE AUSEN to JACK WINSETT, dated November 22, 1993. The memorandum is a cover for summaries of criminal referrals generated out of the MGSL investigation by the RTC. The memorandum makes reference to the "Campobello" referral, and states that that property was the

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by \_\_\_\_\_ Date dictated 6/3/94 OIC 000407

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Continuation of FD-302 of ROGER C. ALTMAN, On 6/1/94, Page 2

subject of a recent inquiry to Mr. CAVINAW from Mr. ALTMAN. A copy of the cover memorandum is attached to this FD-302.)

ALTMAN never heard of the Campobello property. He never made an inquiry of CAVINAW and has never heard of AUSEN, WINSETT or CAVINAW. ALTMAN has no knowledge of any connection between MGSL and the Campobello property. ALTMAN had virtually no involvement with asset sales by the RTC, except in a general sense concerning techniques. ALTMAN has no knowledge of individual properties sold by the RTC. ALTMAN received some Congressional inquiries concerning asset sales, but forwarded the inquiries to the appropriate persons for response.

(At this point in the interview, MARK STEIN referred ALTMAN and his attorneys to a copy of an E-mail dated January 14, 1994 from JAMES R. DUDINE to L. RICHARD IORIO. The E-mail contained no subject designation, but referred to preparation for a briefing of CEO ALTMAN on MGSL referrals. A copy of the E-mail is attached to this FD-302.)

ALTMAN was never briefed concerning the contents of the criminal referrals on MGSL. To the best of ALTMAN's recollection, ALTMAN never made a request for such a briefing. ALTMAN has never heard of JAMES DUDINE or RICHARD IORIO. ALTMAN does not recall ever making a request for a briefing on MGSL and ELLEN KULKA, RTC General Counsel, who would have been the only person he would have asked.

Questions and answers (Q&As) were prepared for ALTMAN's testimony before the Senate Banking Committee on February 24, 1994. There were many meetings when the Q&As were reviewed. There was editing of internal drafts and some redrafting. JACK RYAN, Deputy CEO of the RTC, and ELLEN KULKA were primarily responsible for the formulation of the Q&As. ALTMAN is sure that the two sought information from various persons at the RTC in order to complete the Q&As. ALTMAN thinks that the numerous sources, editing and redrafting, led to several different sets of Q&As.

(At this point in the interview, MARK STEIN gave ALTMAN and his attorneys copies of a set of Q&As dated February 24, 1994. STEIN referred ALTMAN to question number 4, which asked, "What conversations/contacts have you had with the White House on this matter?" STEIN asked ALTMAN who wrote or had input into the

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Continuation of FD-302 of ROGER C. ALTMAN, On 6/1/94, Page 3

prepared answer. A copy of question 4 and the prepared answer is attached to this FD-302.)

ALTMAN does not know who actually put pen to paper in formulating an answer to the question, but believes the answer emerged from one of three or more Q&A rehearsal sessions. There were roughly ten persons attending the rehearsal meetings. Individuals were coming in and out of the room during the meetings. ALTMAN does not remember anyone at the meetings objecting to the absence of any mention of recusal being discussed during ALTMAN's February 2, 1994 meeting with White House officials. JOSH STEINER attended the rehearsal meetings, and ALTMAN is virtually sure STEINER was aware of the recusal discussions. JEAN HANSON definitely knew, and JACK RYAN may have known about the recusal discussion. ALTMAN is not certain, but believes ELLEN KULKA was aware of his recusal discussion at the White House. ALTMAN had had several discussions with KULKA regarding recusal. ALTMAN has no recollection of any discussions during the preparation of Q&As about whether the recusal conversation with White House officials should be left in or out of the Q&As. ALTMAN absolutely knows there were no discussions aimed at not including the recusal information.

(At this point in the interview, MARK STEIN referred ALTMAN to question number 8 in the set of Q&As dated February 24, 1994. The question asked, "Have any other officials of the Treasury Department been involved in any discussions relating to the RTC's handling of Madison or related matters?" STEIN referred ALTMAN to a response indicating that ALTMAN and a limited number of his Treasury staff had been briefed generally by RTC staff members on "the causes of action that might be available to the RTC that followed in the extension of the statute of limitations contained in the RTC Completion Act." STEIN asked ALTMAN to explain the depth of that briefing and what it entailed.)

Before February 24, 1994, ALTMAN had been briefed concerning what was involved in a tolling agreement. BILL ROELLE or ELLEN KULKA or both had told ALTMAN that there might be a criminal referral on the MGSL case. ALTMAN knew that the Professional Liability Section (PLS) of the RTC handled civil investigations and that the U.S. Department of Justice (DOJ) handled criminal investigations. ALTMAN assumed that a criminal referral meant that there had been a potential criminal act by

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Continuation of FD-302 of ROGER C. ALTMAN, On 6/1/94, Page 4

persons involved in the institution and the matter was being given to DOJ for investigation and possible prosecution. ALTMAN did not go through criminal referrals one-by-one concerning who, what, etc. All ALTMAN knew was what had been in the newspapers. Those stories involved money going out of MGSL for the benefit of Whitewater and those involved. ALTMAN believes the answer to question 8 was written by the Legal Department at RTC because of the terminology used.

ALTMAN never liked the Early Bird, a daily summary of stories the Public Affairs people of RTC anticipated would appear based on their contacts with reporters. ALTMAN did not believe the information given by the Early Bird made any difference. The stories were either going to be printed or not going to be printed. ALTMAN complained about the publication in front of staff meetings. ALTMAN may have said to HOWARD SCHLOSS, Press Director at Treasury, that ALTMAN would not like the Early Bird circulated with information concerning ALTMAN or other U.S. Treasury Department people. ALTMAN does not definitely remember saying this, but could have. SCHLOSS never talked with ALTMAN concerning any memorandum to STEPHEN KATSANOS, Director of Corporate Communications, RTC, about not mentioning ALTMAN in Early Bird items relating to MGSL. To the best of ALTMAN's knowledge, he never told SCHLOSS that SCHLOSS should prepare such a memo.

(At this point in the interview, MARK STEIN referred ALTMAN and his attorneys to an E-mail dated March 9, 1994 from STEPHEN J. KATSANOS to JAMES M. BARKER. The E-mail concerns, "contacts with Treasury re Madison." STEIN referred ALTMAN to entry number 5 concerning a conversation between HOWARD SCHLOSS and STEPHEN KATSANOS. A copy of the E-mail is attached to this FD-302.)

Entry number 5 in the aforementioned E-mail does not help ALTMAN recall any specific conversation he had with HOWARD SCHLOSS about the Early Bird. ALTMAN's overall policy was not to talk with the media concerning the PTC.

ALTMAN never heard anything indicating that the MGSL case was not being handled as any other RTC matter would be. This is true both before and after the criminal referrals. ALTMAN never heard that the civil investigation of MGSL was not

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being handled in normal fashion. ALTMAN believes that the civil case has been handled in normal fashion.

ALTMAN had no involvement in the RTC hiring of outside counsel.

ALTMAN did not want to know the details of the MGSL investigation, including the substantive parts of the criminal referrals. ALTMAN knew the MGSL matter was politically sensitive and as explosive as nitroglycerin. ALTMAN did not want to be within fifty thousand miles of the matter. ALTMAN decided to accept whatever recommendations ELLEN KULKA made to him concerning the MGSL investigations.

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## FEDERAL BUREAU OF INVESTIGATION

Date of transcription 6/15/94

WILLIAM HARRY ROELLE, Deputy to the Director, Federal Deposit Insurance Corporation (FDIC), 550 17th Street, NW, Washington, D.C. (WDC), was interviewed at the Office of the Independent Counsel (OIC), 1001 Pennsylvania Avenue, NW. During the course of the interview, ROELLE gave the following information:

ROELLE returned to the FDIC from the Resolution Trust Corporation (RTC) on January 3, 1994. Prior to January, 1989, ROELLE was Associate Director for failed banks for the FDIC. From January until August, 1989, ROELLE ran the operations section of the Savings and Loan Project group for the FDIC. In August, 1989, legislation was passed creating the RTC. ROELLE has served as Director of Operations and Resolutions, Deputy Executive Director and from late April, 1992 until returning to the FDIC, he had the title of Senior Vice President. Around July, 1992, ROELLE also was given the title of Chief Financial Officer for the RTC.

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Investigation on 5/25/94 at Washington, D.C. File # 29D-LR-35063by \_\_\_\_\_ Date dictated 6/14/94

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**CONFIDENTIAL**Continuation of FD-302 of WILLIAM HARRY ROELLE, On 5/25/94, Page 2

When ROGER ALTMAN became Interim CEO of the RTC, he began having about two meetings per week with senior RTC staff members. Those meetings were usually scheduled on Tuesday, Thursday or Friday. ALTMAN probably attended about two thirds of the meetings. The meetings usually dealt with asset sales, RTC policies, some information about various institutions and matters such as those. There was never any discussion during these meetings about criminal referrals. Around March, 1993, ALTMAN asked during a staff meeting if there was anything he should know about. After the meeting, ROELLE told ALTMAN about the MGSL criminal referral and the fact that the President's name was in it. ALTMAN merely thanked ROELLE and that was the end of the conversation. FRANK NEWMAN was the only other person in the room when ROELLE informed ALTMAN of the referral.

ROELLE called ROGER ALTMAN and told ALTMAN about the new nine criminal referrals. ROELLE is fairly certain he told ALTMAN that the President's name was mentioned in the referrals. That would have been the only reason he would have contacted ALTMAN. ROELLE remembers telling ALTMAN some information about a few of the referrals, but not every one. ROELLE believes the conversation with ALTMAN lasted about five to six minutes. ALTMAN told ROELLE that ALTMAN did not understand the information, and asked ROELLE to please give the information to

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Continuation of FD-302 of WILLIAM HARRY ROELLE, On 5/25/94, Page 3

JEAN HANSON, General Counsel of the U.S. Treasury Department.

ROELLE later had a telephone conversation with JEAN HANSON. He believes that HANSON telephoned him. ROELLE told HANSON very briefly about each of the criminal referrals. He told HANSON that one allegation listed BILL and HILLARY CLINTON as witnesses, and that he thought it concerned Whitewater. HANSON asked ROELLE a few questions about the referrals, but ROELLE does not remember the specifics of those questions. HANSON told ROELLE that she would have to tell ALTMAN about the referrals. ROELLE told HANSON that ALTMAN and HANSON should not get involved. HANSON asked ROELLE if it would make a difference once the criminal referrals were filed. ROELLE told HANSON that HANSON and ALTMAN definitely should not get involved before the referrals were filed, and told her they could get involved after filing but he saw no reason to. ROELLE asked HANSON if she planned to tell anyone else. He does not remember an answer. He told HANSON that ALTMAN should be the only one that she informed. HANSON did not mention anything to ROELLE about communicating with The White House concerning the referrals. ROELLE never talked to HANSON again concerning the criminal referrals.

During this same general period of time, STEVE KATSANOS, Director of the Office of Corporate Communications, RTC, sent ROELLE a copy of an e-mail received from Kansas City RTC concerning an inquiry by a reporter about criminal referrals dealing with MGSLL. When ROELLE went to the next scheduled staff meeting, he went to ROGER ALTMAN's office and told ALTMAN about the press inquiry and the fact that the referrals might soon become public. ALTMAN immediately told JEAN HANSON in ROELLE's presence that she had better let some people know. ALTMAN told her to let "JACK, the Secretary, BERNIE," and other persons ROELLE does not recall, know about the possibility of the referrals becoming public. Neither ALTMAN nor HANSON ever came to ROELLE with any questions about the referrals after that day.

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FD-302a (Rev. 11-15-83)

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## FEDERAL BUREAU OF INVESTIGATION

Date of transcription 6/24/94

TODD STERN, Special Assistant to the President and Deputy Staff Secretary, The White House, was interviewed at the Office of the Independent Counsel (OIC), 1001 Pennsylvania Avenue, NW, Washington, D.C. (WDC). STERN was accompanied to the interview by his attorneys, ALAN M. COHEN and PAT RIZZI, of the law firm O, MELVENY and MYERS, Citicorp Center, 153 East 53rd Street, New York, New York, telephone (212) 326-2000. After being apprised of the identity of the interviewing agents and the purpose of the interview, STERN thereafter provided the following information:

In his capacity as Special Assistant to the President and Deputy Staff Secretary, STERN helps manage the flow of paperwork going to the desk of the President of the United States. STERN serves as an assistant to JOHN PODESTA, Staff Secretary to the President. STERN began working in his current capacity on February 1, 1993. STERN was previously employed as a staffer on the senate judiciary committee, working for Senator LEAHY.

STERN learned of the September and October meetings between White House and U.S. Department of Treasury (DOT) on March 2, 1994. At the end of the staff meeting, as the meeting broke up, STERN learned from CLIFF SLOAN about the previous September and October White House/DOT meetings. The March 2 meeting occurred in PODESTA's office. STERN had no knowledge of the February 2, 1994 meeting between White House and DOT staffers by March 2, 1994. STERN is now aware that JEAN HANSEN and BERNARD NUSSBAUM were involved in the earlier meetings. Individuals involved in the March 2, 1994, meeting in PODESTA's office included CLIFF SLOAN, JOHN PODESTA, JOEL KLEIN and NEIL EGGLESTON. STERN recalls that one or two other individuals may have been in the office as well. STERN did not learn the date of the October/September meetings between White House and DOT officials until May 2, 1994. STERN had heard at the first meeting occurred at the end of another meeting. He was aware that HANSEN stayed back after that meeting to talk to NUSSBAUM privately. The second meeting was attended by a larger number of

Investigation on 5/2/94 at Washington, D.C. File # 29D-LR-35063

by \_\_\_\_\_ Date dictated 6/23/94 OIC 000426

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Continuation of FD-302 of TODD STERN, On 5/2/94, Page 2

people, and dealt with press issues. STERN's source of knowledge regarding the meetings was from media coverage and from conversations heard at The White House. STERN did not attend either of those meetings, nor was he involved in the scheduling or set up of those meetings.

STERN heard information regarding JAY STEPHENS in mid March of 1994. STERN was aware that STEPHENS had been retained by the RTC. He was thoroughly surprised to hear this, in that he was aware that STERN had been dismissed by the CLINTON administration as the U.S. Attorney for the District of Columbia. It is also aware that STEPHENS was critical of the CLINTON administration in the media.

STERN first learned of STEPHENS probably from JOHN PODESTA. STERN recalls learning of the STEPHENS issue in PODESTA's office noting that other individuals were present. STERN could not list who may have been in PODESTA's office at the time. According to STERN, PODESTA had prior knowledge of the JAY STEPHENS appointment. STERN is of the opinion that the conversation related to STEPHENS was in the nature of a general discussion.

STERN recalls talking to PODESTA and NEIL EGGLESTON, of The White House Counsel's office as well as DOUG SOSNIK, of The White House Office of Congressional Liaison, to express locating someone to discuss the fairness of the STEPHENS appointment at RTC. This conversation with PODESTA and EGGLESTON most likely took place in mid March of 1994. The conversation, was initiated by PODESTA. He wanted to know if someone could be elicited to discuss the fairness of STEPHENS appointment but according to STERN nothing was ever done.

JOHN WIENER, on the staff of Senator CAREY, of Massachusetts, was contacted by STERN regarding the STEPHENS appointment. Senator BARBARA BOXER was also mentioned by DOUG SOSNIK regarding discussing the STEPHENS appointment at RTC. SOSNIK spoke to someone on BOXER's staff in a preliminary way. STERN was aware of the conversation around the time that it took place. He does not recall the content of the conversation, but believes it centered around finding out how STERN's had been appointed by the RTC.

STERN was not involved in the February 2, 1994 contact between White House and Treasury officials related to the RTC

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Continuation of FD-302 of TODD STERN, On 5/2/94, Page 3

referrals. He learned of in reading the New York Times on February 25, 1994, the day after the Senate Banking Committee before which ROGER ALTMAN testified. STERN was not aware that he knew of the February 2 meeting before February 25, 1993. STERN was not involved in the scheduling of the meeting between ALTMAN and White House officials. STERN was aware that NUSSBAUM and Deputy White House Chief of Staff HAROLD ICKES were involved in the February 2 meeting.

On or about February 25, 1994, STERN learned about the February 2 meeting and that the issue of recusal on the part of ALTMAN with regard to the RTC was discussed. ALTMAN was not in on these discussions regarding how he needed to clarify his testimony of February 23. STERN talked to NEIL EGGLESTON and expressed recusal would be technically correct. STERN is aware of no other meetings at The White House regarding the issue of recusal. STERN was not involved in the process related to ALTMAN with regard to the issue of recusal. He talked to JOSH STEINER at Treasury regarding recusal on January 25. STEINER wanted STERN to know that recusal was being discussed. A second comment regarding recusal concerned ALTMAN's testimony. STEINER had a conversation with KETGER regarding the recusal issue. STEINER advised that the issue of recusal was not The White House's idea.

On March 2, 1994, NUSSBAUM entered a meeting between PODESTA and STEIN. NUSSBAUM was glad he had not told ALTMAN not to recuse himself. If he (NUSSBAUM) had, it was thought it would have been fine legally. STEIN had no awareness of any other meetings regarding the RTC referrals between The White House and Treasury officials.

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## OFFICE OF THE INDEPENDENT COUNSEL

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 :  
 TESTIMONY OF : Sunday, June 12, 1994  
 :  
 PRESIDENT WILLIAM J. CLINTON : Washington, D. C.  
 :  
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Testimony of

PRESIDENT WILLIAM J. CLINTON

before the Independent Counsel, held at The White House,  
 Washington, D. C., beginning at 2:05 p.m., when were present  
 on behalf of the respective parties:

FOR THE INDEPENDENT COUNSEL: ROBERT B. FISKE, JR., ESQ.  
 Independent Counsel

RODERICK C. LANKLER, ESQ.  
 Associate Counsel

FOR THE PRESIDENT: LLOYD N. CUTLER, ESQ.  
 Counsel to the President

DAVID E. KENDALL, ESQ.  
 Williams & Connolly  
 Washington, D. C.

OIC 000463

Court Reporter: Elizabeth A. Eastman

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WHEREUPON,

PRESIDENT WILLIAM J. CLINTON

having been called for examination by the Independent Counsel, and having been first duly sworn by the notary, was examined and testified as follows:

EXAMINATION BY THE INDEPENDENT COUNSEL

BY MR. FISKE:

Q You are the President of the United States?

A Yes.

Q I would just like to make a few opening comments, matters that I have discussed with Mr. Kendall. The questions that we are going to be asking you today relate to the Washington phase of our investigation, essentially relating to the death of Vincent Foster, events in the White House following his death, and questions relating to the contacts between people in the White House and Treasury.

There will be a time, sometime later, when we will also want to ask you questions about the events that we are investigating in Arkansas, but we are not going to go into those today.

MR. FISKE: Could I just start by asking the two other lawyers here to identify themselves?

MR. KENDALL: Certainly. I am David E. Kendall of the firm of Williams and Connolly.

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1 MR. FISKE: Could you state in what capacity you  
2 are here, Mr. Kendall?

3 MR. KENDALL: I represent the President personally.

4 MR. CUTLER: I am Lloyd N. Cutler, Counsel to the  
5 President, and I am here representing the President in his  
6 capacity as President.

7 BY MR. FISKE:

8 Q I understand, Mr. President, that Mr. Kendall is  
9 also acting as counsel for Mrs. Clinton?

10 A That's right.

11 Q And I take it that you have discussed that with him  
12 and with her, and you are perfectly comfortable with that  
13 joint representation?

14 A We have and we are.

15 Q I would like to start by showing you two documents  
16 which we have marked as Exhibits 1 and 2. I hope you don't  
17 mind that we have simply used the abbreviation WJC.

18 A Okay.

19 Q Those are subpoenas which were served on March 4th  
20 and May 4th of this year respectively on the White House,  
21 requesting documents generally relating to contact between  
22 the White House and the Treasury in Exhibit 1, and documents  
23 relating to Vince Foster in Exhibit 2.

24 Have you seen those subpoenas before?

25 A I have not personally seen them, but I am aware

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1 that they came to the White House.

2 Q I discussed with Mr. Kendall, before we came here  
3 today, whether in connection with those subpoenas there had  
4 been a request made to you to provide whatever personal  
5 documents you might have that would be responsive to those  
6 subpoenas. Was there such a request?

7 A There was.

8 Q And have any documents that you personally had that  
9 are responsive to those subpoenas been produced?

10 A I believe you got two documents. One was a letter  
11 from Roger Altman to me explaining why he decided to step  
12 down as the RTC -- acting head of the RTC. The other was a  
13 memorandum from a law school classmate of mine in New Jersey,  
14 Bob Raymar, generally describing how he thought we ought to  
15 handle the Whitewater investigations.

16 Q The role of the White House Counsel?

17 A That's correct.

18 Q We have both of those documents. I would like to  
19 start, Mr. President, by asking you some questions about  
20 Vincent Foster. We know that you and Mr. Foster go back a  
21 long way, back to kindergarten, as I understand it.

22 A Yes. I lived with my grandparents until I was four  
23 and they had a house behind where Mr. Foster's family lived  
24 in Hope. So, I knew him from the time I was three or four  
25 years old.

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1 Q And we are not going to take you right through  
2 every year since then, but I would like to go back to the  
3 period of time for just a few years before you became  
4 President in early 1993, that is, go back to say 1990, and  
5 just in that period of time ask you some general questions.

6 First of all, I ask as to the extent to which  
7 during that period of time you and Mrs. Clinton had social  
8 contact with Mr. Foster and his wife?

9 A By our standards, because we didn't go out much, we  
10 had a lot of social contacts with him. We were frequent  
11 guests in their home. That was mostly our social contact.  
12 We would go over there and we would swim around the pool or  
13 have dinner with them. Once in a while we would go out. I  
14 would say not more than once a year, maybe twice a year, but  
15 we didn't go out much.

16 Q Did you consider them in your close circle of  
17 friends?

18 A Yes, I did.

19 Q What professional contact did you have with Mr.  
20 Foster in those years, let's say 1990 up to 1993?

21 A I'm not sure I recall in that timeframe. Of  
22 course, Hillary worked with Vince. They were in the same  
23 division of the law firm and they worked very closely  
24 together for the period that she was in the Rose Law Firm.

25 It seems to me that from time to time Vince may

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1 have advised me on things that related to my work as  
2 Governor, but I honestly don't remember whether they occurred  
3 within that frame. If you have something specific in mind, I  
4 could respond to that.

5 Q I will be happy to extend the frame back a little  
6 bit if there is something in your mind that you are thinking  
7 of.

8 A I'm trying to remember whether he worked on things  
9 that Hillary also worked on, or whether he ever advised -- I  
10 think from time to time he advised me on matters relating to  
11 my performance as Governor that required outside counsel.  
12 I'm not sure, but I don't remember them specifically.  
13 Nothing related to the savings and loan business or anything  
14 like that, but other things like maybe public utility  
15 controversies or something. I'd have to go back and look at  
16 my records.

17 But I seem to remember that he did do one or two  
18 things like that during the pendency of my governorship.

19 Q Were those matters that Mrs. Clinton also worked  
20 on?

21 A Well, let's see. She worked on the Little Rock  
22 school desegregation case which affected -- which the state  
23 was also involved in. I'm not sure that Vince worked on  
24 that. And then it seems to me they both may have done some  
25 work on the Grand Gulf nuclear power case. I think that's

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1 right. I don't recall that I remember anything else.

2 Q This is work they were doing for the State of  
3 Arkansas, or for you as Governor?

4 A I'm not sure. I'd have to go back and look at my  
5 records. But essentially in the 12 years I was Governor, he  
6 may have done a couple of things like that. Now, the Rose  
7 Law Firm had, independent of Vince, had done various things  
8 with state government for years, before my becoming Governor.  
9 But I don't remember anything else specifically.

10 Q We are not going to go into those at this time. I  
11 just am really more interested at the moment in Mr. Foster  
12 personally. Did Mr. Foster --

13 A If you would like, I could go back and try to  
14 refresh my memory as to these things or do some research on  
15 it. I just don't remember the specifics. It's nothing I  
16 thought about in trying to get ready for this.

17 Q I'll discuss that with Mr. Kendall.

18 A Okay.

19 Q During this period, let's take it five years back  
20 from January 1993, did Mr. Foster do any personal work for  
21 you, not in your capacity as Governor but just for you or  
22 Mrs. Clinton, sort of Clinton family work?

23 A I don't believe so, unless -- I don't believe so.

24 Q I take it you obviously were responsible for his  
25 eventual selection as Deputy White House Counsel?

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1 A That's right.

2 Q Mrs. Clinton, I assume, played a role in that as  
3 well?

4 A She didn't -- she certainly didn't object to it.  
5 But I was surprised frankly that he was willing to come to  
6 Washington. He seemed so happy doing what he was doing and  
7 it seemed to fit him so well. But when I learned that he was  
8 willing to come, I wanted him here because of his legal  
9 ability and his judgment, and because he was cool under fire.  
10 He tended to have a calming influence on people around him  
11 and he tended to engender an awful lot of respect. So, I did  
12 want him here.

13 Q Did you have conversations with him personally  
14 about that?

15 A Yes, I did, and I offered him the job.

16 Q I think maybe you have anticipated one of the  
17 questions, but was this something where he needed a little  
18 selling to come, or was it something that you could tell he  
19 really wanted to do from the beginning? Was he at all  
20 reluctant to come?

21 A I don't recall that he was by the time I talked to  
22 him. I think he had to -- he wanted to make sure that it was  
23 okay with his family. I mean, he had -- my recollection of  
24 our conversation was that he personally wanted to do it, but  
25 he wanted to make sure it was okay with his family and that

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1 it was appropriate with the firm and all, that he could do  
2 all the professional things he needed to do.

3 Q Was there a reason that he wasn't selected as the  
4 White House Counsel?

5 A Yes.

6 Q What was that?

7 A There were two reasons. One is we thought that we  
8 ought to have someone who had had more experience in and  
9 around Washington. And the second was, we thought that given  
10 the enormous scrutiny and, to some of us, occasional  
11 prejudice that the national press corps had shown against our  
12 state, it would be better if someone who was such a good  
13 friend of mine were not the White House Counsel.

14 Q Did Mr. Foster ever express to you a desire to be  
15 the White House Counsel?

16 A Never. Never. As a matter of fact, he thoroughly  
17 agreed with my decision.

18 Q During the period from January '93 right through  
19 July 20, while you were President and he was Deputy White  
20 House Counsel, how frequently did you have contact with him?

21 A Not often, and usually I would say the largest  
22 number of times I saw him were on social occasions when he  
23 would be at the White House after working hours for  
24 something.

25 Q How frequently was that?

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1           A     Once, twice a month, I would say. And then perhaps  
2 I saw him a time or two a month, unless we were working on  
3 something specific.

4           Q     Was he during this period of time working on any  
5 matters for you personally?

6           A     Yes. I believe that he was trying to handle the  
7 transition of our assets into a blind trust. I think that's  
8 all he was doing.

9           Q     Were you aware that he was also doing some work in  
10 connection with the preparation and filing of the tax returns  
11 for Whitewater for '90, '91, and '92?

12          A     I don't recall that I was aware of that, no.

13          Q     Was there any work that he was doing for you in  
14 connection with some property where you and Mrs. Clinton  
15 might have wanted to build a home? Does that ring any bells?

16          A     Yes. But I don't know that he did any work beyond  
17 his collecting proposals. When I came up here, there were  
18 any number of people who thought they ought to -- various  
19 communities in the state ought to have Presidential retreats  
20 of some kind, and there were all these ideas. And I wasn't  
21 sure any of it was appropriate.

22                     So, he was asked to just collect and evaluate the  
23 proposals. We never did anything with any of them.

24          Q     So, is it your best recollection then that the only  
25 work that he was doing for you that was personal in nature

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1 was this business of trying to put your assets into a blind  
2 trust?

3 A Uh-huh. And I later learned what you said about  
4 the Whitewater thing.

5 Q When did you first learn that?

6 A I don't know, because I was aware that -- this kind  
7 of gets back to the other inquiry you want. But I was aware  
8 that we were trying to make sure that the tax returns were  
9 appropriately filed. I'm just not sure I knew Vince had  
10 anything to do with that.

11 Q Okay.

12 A I could have known it, too. I'm just not sure.

13 Q Okay. Did anyone ever raise any question at that  
14 time whether it was appropriate for Mr. Foster to be working  
15 on any of those matters while he was White House counsel?

16 A No.

17 Q Or Deputy White House Counsel?

18 A No.

19 Q Did you have any concern about that yourself?

20 A No, because I knew that we were simply -- with  
21 regard to the blind trust, I thought that was part of my  
22 responsibility as President, to just get my things in a blind  
23 trust, and I think he was just overseeing that.

24 With regard to the proposals for a Presidential  
25 retreat, I never took the whole idea very seriously. And I

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1 just wanted to make sure that we had lodged them in a place,  
2 and that if we turned them down we could say that it was an  
3 appropriate thing to do, legally appropriate, given my  
4 position as President.

5 So, I didn't think either one of those things was  
6 out of the way.

7 Q Going now to the period of time, let's say starting  
8 in May, late spring, the first of May through the middle of  
9 July --

10 MR. CUTLER: Of 1993?

11 BY MR. FISKE:

12 Q Of '93, yes. How frequently did you see Mr. Foster  
13 then?

14 A Late spring to when?

15 Q That would make it two or three months before his  
16 death.

17 A I would say no more than two or three times a  
18 month.

19 Q And were these on the social occasions that you  
20 mentioned?

21 A Either that or he would come into the office for  
22 some occasion that was in the course of something the legal  
23 counsel's office was working on.

24 Q Did you have an occasion during those situations to  
25 talk to him at any length about anything to do with his

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1 personal situation?

2 A No, not at length.

3 Q Well, let me ask you, right up to let's say July  
4 19th, the day before his death, right up to then had he ever  
5 expressed any concern to you personally about anything that  
6 was bothering him about his job or anything in his personal  
7 life?

8 A The answer to your specific question is no. I  
9 wouldn't characterize it that way.

10 Q Well, is there some way that I could have put that  
11 that would --

12 A Yes.

13 Q -- have produced a better answer?

14 A No. Well, yes.

15 Q A more complete answer, I mean?

16 A I knew that he felt badly that he had been  
17 personally criticized in the Wall Street Journal, and I knew  
18 that he -- even though he thought it was unfair and  
19 inaccurate. And I knew that he was a perfectionist who was  
20 concerned at the bad publicity the Administration had gotten  
21 over two or three issues relating to the organization of the  
22 White House.

23 Q What were those issues?

24 A Well, specifically I know the travel office issue.  
25 And that he was concerned that these problems were not

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1 serving me well and were undermining my -- or at least not  
2 undermining, but interfering with my ability to do my job as  
3 well as possible.

4 But I have to tell you, sir, that didn't surprise  
5 me. I mean, he was a serious man and a perfectionist. So,  
6 he didn't like to see things go wrong in the office on the  
7 one hand. And, on the other, he had, as far as I know, never  
8 been subject to any sort of criticism about his professional  
9 work or his judgment before the Journal editorial page  
10 issues.

11 Q Other than the Wall Street Journal and the concern  
12 about the travel office, was there anything else specific  
13 that you heard was concerning him?

14 A No.

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15 Q When you say you learned this, did you learn this  
16 from him or did you learn this indirectly through someone  
17 else?

18 A Well, with regard to the Journal, I didn't have to  
19 learn it from anybody. I knew him well enough to know when I  
20 read the editorial it would bother him. So, I asked about  
21 that.

22 Q Asked him?

23 A No, I didn't ask him. I can't remember. I may  
24 have asked Mr. Nussbaum or somebody. But, you know, this was  
25 just in passing. I didn't spend a lot of time on it.

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1 I had -- I presume you are going to ask about this,  
2 but I did have a conversation with him the night before his  
3 death.

4 Q Yes, I will get to that. That's why up to now we  
5 are just up to the 19th.

6 A Uh-huh. But in that conversation, I referred in  
7 the briefest manner to the whole question of operational  
8 problems in the White House. So, when we get to that, we can  
9 talk about that.

10 Q We'll get there in just a minute. Was there  
11 anything else that you heard, right up to that phone  
12 conversation on the 19th, that --

13 A No.

14 Q -- might be disturbing him?

15 A No.

16 Q Had you ever heard that he was thinking of  
17 resigning his job?

18 A No.

19 Q Had you ever --

20 A Not that I recall.

21 Q Okay. Had you ever heard that he expressed concern  
22 about some of the unfairness of life in Washington?

23 A Not that I recall. But there was a lot of that  
24 kind of concern around that time. I don't recall anything  
25 specific though from him.

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1 Q Did you ever hear that he had been concerned in any  
2 way about anything relating to his personal life?

3 A No.

4 Q Had you heard from him or anyone else that he was  
5 depressed?

6 A No. Not depressed. Now, again leading up to the  
7 day --

8 Q Right.

**CONFIDENTIAL**

9 A -- when I talked to him, I knew that he had been  
10 concerned about these things that I mentioned earlier. But I  
11 wouldn't use the word "depressed".

12 Q Okay. Let me ask you now about the telephone  
13 conversation on the 19th. I understand, at least from press  
14 reports, that you initiated that call?

15 A Yes, I called him. I called him because I hadn't  
16 seen him in a while and I had talked that day to Mr. Hubbell  
17 who told me that the Hubbells and the Fosters and another  
18 couple had spent the weekend in Maryland and had a very good  
19 time. It was a time of high stress for the counsel's office  
20 because of the White House travel office matter and other  
21 things. And he said that he thought Vince had had a great  
22 time and that it had been good for them to get away from the  
23 grind of the office and had been a very good weekend.

24 And so, I hadn't seen Vince in a while and I hadn't  
25 had a chance to talk to him in a few weeks. So, I decided I

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1 would call and invite him to the movie that night. So,  
2 that's what prompted the call. I called him and asked him if  
3 he wanted to come and watch the movie.

4 Q That was "In The Line Of Fire"?

5 A Uh-huh.

6 Q And you were watching that in the White House?

7 A Uh-huh, in the theater here.

8 Q Who else was there?

9 A I think there was just a couple of us. I think Mr.  
10 Hubbell was there. I think Mr. Lindsey was there. I'm not  
11 sure if anybody else was there.

12 Q Where did you reach Mr. Foster?

13 A I got him at home.

14 Q How long did you talk?

15 A Ten, 15 minutes.

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16 Q Can you give us the conversation, to the best of  
17 your memory?

18 A Yes. When I called him, I thought he might still  
19 be at work but it was in the evening. I don't remember  
20 exactly what time it was, but it was already night. But he  
21 said -- first I asked him if he wanted to come to the movie.  
22 And he said that he would like to, but that he was already  
23 home with Lisa and he didn't think he should leave and come  
24 back to the White House. I understood that.

25 And then I asked him, you know, if he had a good

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1 time over the weekend, and he said they had a great time.

2 Then I told him that I wanted to talk to him about  
3 some matters relating to the White House and I wanted to ask  
4 his advice on some organizational issues, but that I could  
5 not see him the next day because we had the announcement of  
6 Mr. Freeh, the FBI Director, and several other things on my  
7 schedule, and could we please meet on Wednesday. And he  
8 said, yes, I've got some time on Wednesday and I'll see you  
9 then.

10 And that was it. That's basically what we talked  
11 about.

12 Q And how did he seem to you?

13 A Well, he didn't seem unduly distressed. I mean,  
14 Vince Foster was a very low-key guy. And when you talk to  
15 him on the phone, I mean it was not that different from any  
16 other conversation I ever had with him.

17 Q When you hung up the phone, did you have any cause  
18 for concern about --

19 A None. None. As a matter of fact, I was just  
20 pleased that I was going to be seeing him Wednesday because I  
21 hadn't seen him in a while. I mean, whole weeks would go by  
22 and I wouldn't see him and I missed that. So, I wanted to  
23 see him.

24 Q Was that the last time you talked to him?

25 A Yes, it was.

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1 Q At any time from him, or from anyone else directly  
2 or indirectly, did you ever hear that he was concerned in any  
3 way about anything relating to Whitewater, Madison Guaranty  
4 Savings & Loan?

5 A No.

6 Q Did you ever hear, directly or indirectly from him  
7 or anyone else, that he had any concern about any matters  
8 relating to any legal problems that you and Mrs. Clinton  
9 might or might not be facing?

10 A No.

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11 Q Just one last question about this phone call. Did  
12 you place this phone call to him because you had heard from  
13 other people that he was sort of down and you thought he  
14 might need a little cheering up?

15 A No, because I knew he had been under a lot of  
16 stress, as all the members of the counsel's office were,  
17 trying to deal with this travel office issue and other things  
18 that were going on, just general burden of work. But, in  
19 fact, I had heard from Mr. Hubbell that they had had a very  
20 good weekend and that he seemed much more relaxed and that it  
21 was a good thing for him to have a chance to get away with  
22 his wife and with two other couples who were friends of his.

23 So, I called him just because I genuinely missed  
24 him and I wanted to talk with him. I wanted to see how he  
25 was doing, but I also wanted to ask his advice on some

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1 things.

2 Q Did you see him on the 20th?

3 A Yes. I believe I saw him in the Rose Garden. I  
4 think when we named Mr. Freeh, he was in the back of the Rose  
5 Garden watching the ceremony. And that's the last time I  
6 ever saw him.

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## FEDERAL BUREAU OF INVESTIGATION

Date of transcription 6/28/94

THOMAS F. "MACK" McLARTY, Chief of Staff for President BILL CLINTON, was interviewed in a conference room at the Office of the Independent Counsel (OIC), 1001 Pennsylvania Avenue, N.W., Suite 490 North, Washington, D.C. Present during the interview were McLARTY's attorneys, BILL TAYLOR and LESLIE M. BERGER, of the law firm of ZUCKERMAN, SPAEDER, GOLDSTEIN, TAYLOR & KOLKER, 1201 Connecticut Avenue, N.W., Washington, D.C. 20036, telephone number (202) 778-1848. Also participating in the interview were attorneys MARK STEIN and CARL STICH, Associate Independent Counsels, OIC, Washington, D.C. After being advised of the official identities of the interviewers and the nature of the interview, McLARTY provided the following information:

McLARTY first became aware of the issues surrounding Madison Guaranty Savings and Loan (MGSL) and the Whitewater Development Corporation (Whitewater) when the Special Counsel, ROBERT B. FISKE, Jr., was appointed. McLARTY was aware of these entities prior to FISKE's appointment, but the appointment of FISKE highlighted or cemented in McLARTY's mind the fact that there was an investigation underway.

Prior to serving as President CLINTON's Chief of Staff, McLARTY had served as Chief Executive Officer (CEO) of Arkla, which is a Fortune 500 company. McLARTY was not part of the CLINTON campaign team, and he only visited the CLINTON campaign headquarters once.

McLARTY has known President CLINTON since they attended kindergarten together in Hope, Arkansas. McLARTY and President CLINTON are good friends and share a respect for each other, but McLARTY does not regard their relationship as close, personal or intimate.

McLARTY's own political history includes service as an Arkansas state representative at the age of 23 as well as later service as treasurer for the Arkansas gubernatorial campaign of current United States Senator DAVID PRYOR and the first Arkansas gubernatorial campaign of BILL CLINTON.

Investigation on 5/2/94 at Washington, D.C. File # 29D-LR-35063  
by \_\_\_\_\_ Date dictated 5/6/94 OIC 000829

**CONFIDENTIAL**

29D-LR-35063

Continuation of FD-302 of THOMAS F. McLARTY, On 5/2/94, Page 2

During the 1992 presidential campaign, once BILL CLINTON had been nominated as the Democratic candidate, McLARTY attended three or four meetings with the CLINTON campaign staff and provided a business viewpoint on various issues. McLARTY was also semi-active in corporate fund-raising for the campaign, and he met with business people from outside Arkansas who came to Arkansas to learn about CLINTON's attitudes toward business. McLARTY joined the transition board approximately four weeks before the election of President CLINTON. The transition board, whose function was to prepare for a CLINTON Administration in the event candidate CLINTON won the election, only met once prior to the election. However, the board then met on the day after the election and President-elect CLINTON asked McLARTY to serve in the CLINTON Administration.

McLARTY was quite surprised to be offered a position as Chief of Staff in the CLINTON White House since his main experience had been as CEO of Arkla. McLARTY and WARREN CHRISTOPHER, currently the Secretary of State, were particularly involved in the process for selecting Cabinet secretaries.

McLARTY was remotely aware of the MGSL and Whitewater issues during the campaign through press accounts. His reading of these accounts was casual because he was engaged in pursuing his business responsibilities at the time.

McLARTY does not recall engaging in any specific conversations regarding the investigation of MGSL by the Resolution Trust Corporation (RTC) but there could have been such a conversation. McLARTY was very involved in concentrating on the North American Free Trade Agreement (NAFTA) and the Vancouver summit meeting at that time. McLARTY was not aware of any meetings at the White House in late September 1993 or early October 1993 concerning criminal referrals by the RTC. He does not believe he knew of the meeting held at the White House on or about September 29, 1993 at the time it occurred. McLARTY now knows that Department of the Treasury General Counsel JEAN HANSON met with BERNARD NUSSBAUM, Counsel to the President, at that meeting. McLARTY may have learned of this meeting between HANSON and NUSSBAUM after this and other meetings became issues in the media.

McLARTY believes he learned of the meeting between HANSON and NUSSBAUM sometime after February 24, 1994, which was when ROGER ALTMAN, Acting CEO of the RTC, testified before the

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Continuation of FD-302 of THOMAS F. McLARTY, On 5/2/94, Page 3

Senate Banking Committee.

As Chief of Staff, McLARTY is responsible for managing the White House and supporting the President. McLARTY also performs an outreach function and has become more of a public figure in reaching out to various constituencies. McLARTY's job is shaped by the personality and the wishes of the President. Another of McLARTY's responsibilities is to furnish information to the President in a timely manner. McLARTY also has frequent contact with the three main councils at the White House, the National Security Council, the National Economic Council and the Domestic Policy Council, and he provides counsel to the President on domestic policy issues. McLARTY conducts liaison with members of Congress, and he uses the Cabinet secretaries as his points of contact with other agencies of the executive branch.

Because of his background, McLARTY tends to be more of a common sense type of counselor who provides a "reality check" to the President.

Prior to the appointment of the Independent Counsel, the Whitewater issue had been handled primarily by the White House Counsel's Office and by Senior Advisor BRUCE LINDSEY. Just after January 1, 1994, HAROLD ICKES joined the White House staff as Deputy Chief of Staff. As President CLINTON and McLARTY were preparing to leave Washington for a trip, McLARTY asked ICKES to take over primary responsibility for dealing with Whitewater-related issues.

Staff secretary JOHN PODESTA handles the daily flow of information to the President. Currently, Special Counsel LLOYD CUTLER and Deputy Counsel to the President JOEL KLEIN have direct responsibility for handling matters relating to Whitewater. Since approximately March 1, 1994, ICKES and CUTLER have been asked to report any information about Whitewater to McLARTY on a daily basis. These reports usually consist of information about potential press stories and the appropriate responses to these stories. PODESTA, Director of Communications MARK GEARAN, and Counselor DAVID R. GERGEN may also be involved in reporting to McLARTY and preparing responses to the media.

Mr. PAT GRIFFIN, who is responsible for legislative affairs, may become involved in these reports to McLARTY if there are issues involving Congress.

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Continuation of FD-302 of THOMAS F. McLARTY, On 5/2/94, Page 4

McLARTY does not recall the RTC criminal referrals being brought to his attention in September 1993, and he does not recall any specific meetings about the RTC referrals at that time. He would have to review his notes to determine whether he attended any meetings with President CLINTON or First Lady HILLARY RODHAM CLINTON during the fall of 1993 in which the referrals might have been discussed.

The allegations by Arkansas state troopers about former Governor CLINTON's conduct came to light just before the Christmas holiday in December 1993. There were a number of other significant issues with which McLARTY was involved at that time, such as NAFTA and the need to replace ROY NEEL and HOWARD PASTER on the White House staff. There were no meetings during that period which raised Whitewater to a level where decisions had to be made or where there was any need for follow-up of the issue on an ongoing basis.

McLARTY is certain there had been discussions regarding the RTC, MGSL and Whitewater prior to the appointment of Independent Counsel FISKE. The CLINTONS had already turned over material sought by the United States Department of Justice (DOJ). All of the requested material had been turned over and there had been full compliance with the DOJ request although there was a minor issue raised over the timeliness of the response. The DOJ officials reviewing the CLINTON documents were career employees. A Republican from Illinois and a higher-ranking DOJ official with a reputation for thoroughness and objectivity were overseeing the review of the CLINTON documents.

McLARTY was aware of a DOJ investigation in January 1994. He had not examined the facts of the Whitewater issue in a broad way and he was not conscious of the status of the civil case relating to Whitewater. McLARTY may have been remotely aware of this civil case but he does not currently recall. He may have been generally aware of the actions of Senator ALFONSE D'AMATO regarding the issue of the impending expiration of the civil statute of limitations. McLARTY did not have any discussions with President CLINTON regarding the statute of limitations issue.

McLARTY believed that the Whitewater issue was being discharged and handled in the appropriate way during this time period because DOJ was involved in the investigation. In addition, NUSSBAUM was handling the matter at the White House and

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**CONFIDENTIAL**Continuation of FD-302 of THOMAS F. McLARTY, On 5/2/94, Page 5

keeping McLARTY apprised.

McLARTY had no knowledge of a meeting between White House and Treasury officials on October 14, 1993 until ALTMAN testified about this meeting on February 24, 1994.

ALTMAN had been active in the CLINTON presidential campaign and had made presentations regarding the CLINTON economic plan on behalf of candidate CLINTON. Approximately sixty days before the presidential election, ALTMAN and economic advisor ROBERT RUBIN spoke at a business conference in Chicago, Illinois. ALTMAN's name came up later as a candidate to become Deputy Secretary of the Treasury when discussions were being held about Cabinet posts. President CLINTON had known ALTMAN for a number of years but had not known him well.

McLARTY had relatively regular contact with ALTMAN during the course of normal meetings. McLARTY's contacts with the Department of the Treasury were primarily through Secretary of the Treasury LLOYD BENTSEN. ALTMAN became an articulate spokesman for the Administration concerning the CLINTON economic plan and engaged in discussions with LEON PANETTA, Director of the Office of Management and Budget. Secretary BENTSEN was receptive to the idea of ALTMAN, assisted by RICKI SEIDMAN, leading the Administration's effort on behalf of the CLINTON economic plan. McLARTY had no role in the selection of ALTMAN as Acting CEO of RTC, and he was not in any meetings where the appointments at RTC were discussed.

McLARTY believes that after the appointment of Independent Counsel FISKE, ALTMAN called McLARTY about the RTC matter. McLARTY does not specifically recall this telephone call, but he believes that he would have referred such a call to ICKES. McLARTY believes this to be so because ICKES was handling issues pertaining to Whitewater, MGSL and the RTC at the time.

McLARTY believes there is a high likelihood, although he does not recall specifically, that the meeting was requested by ALTMAN and that ICKES set up the meeting on February 2, 1994. McLARTY was invited to the meeting and was aware of the general subject matter, but he was not briefed on the meeting in advance and he did not learn any specifics. He did know that the discussion was on RTC and MGSL matters. McLARTY probably knew then, though he is now uncertain whether he actually knew, that RTC was investigating MGSL at that time. ICKES may have asked to

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**CONFIDENTIAL**Continuation of FD-302 of THOMAS F. McLARTY, On 5/2/94, Page 6

use McLARTY's office for the meeting. McLARTY was not attending the meeting because he was at a meeting involving President CLINTON and members of Congress in the Cabinet Room. He does not believe he was still in his office when the meeting began. It happens quite often that meetings are held in McLARTY's office without McLARTY being personally present. McLARTY remembers that the meeting was scheduled for late in the afternoon at approximately 5:00 or 6:00 p.m. No one who had attended the meeting was still in McLARTY's office when he returned there. McLARTY may have received a briefing about the meeting in passing.

McLARTY had not remembered receiving a telephone call from ALTMAN after this meeting until McLARTY was reminded of it by a reference to the call in a letter from ALTMAN to Senator DONALD RIEGLE. McLARTY received the call from ALTMAN sometime in early February 1994, possibly several days after the meeting had occurred. The call was short, and ALTMAN told McLARTY that he was attempting to do everything in a proper manner. McLARTY recalls that ALTMAN had been deliberating about whether to recuse himself at that time. McLARTY appreciated ALTMAN's dilemma and he expressed a sympathetic view to ALTMAN during the call but provided no opinion about what ALTMAN should do. McLARTY did not discuss the content of the meeting with ALTMAN during this call. McLARTY did not interpret the call from ALTMAN as a matter of ALTMAN asking for advice.

Specific discussion of ALTMAN recusing himself from any RTC decisions pertaining to MGSL may have occurred prior to the meeting in February, but McLARTY does not recall specifically. McLARTY understood at that time that RTC was still investigating MGSL. McLARTY did not have a sufficient level of detail in his understanding of the RTC investigation to know that the RTC investigation was a civil case at that time. McLARTY does not recall any distinction being made between recusal from the RTC civil investigation versus the criminal investigation.

McLARTY does not recall discussing ALTMAN's consideration of the recusal issue with anyone in the White House including President CLINTON.

McLARTY did not have conversations with ALTMAN, anyone at RTC or anyone at the White House about the recusal issue between the time of ALTMAN's call to him and ALTMAN's testimony before the Senate Banking Committee. There could have been some

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**CONFIDENTIAL**Continuation of FD-302 of THOMAS F. McLARTY, On 5/2/94, Page 7

discussion in White House staff meetings about ALTMAN's testimony and how potential questions from senators would be handled.

McLARTY does not believe he was aware that ALTMAN had decided to recuse himself and had changed his mind from his previous view. McLARTY did not watch ALTMAN's testimony before the Senate Banking Committee or receive a transcript of the testimony.

McLARTY has been involved in meetings in which the Treasury contacts were discussed. McLARTY may have been aware of these contacts perhaps one to two days before the controversy over the contacts received attention in the press. McLARTY became aware of the contacts in a retrospective way. If he had known about the contacts earlier, he would have referred the matter over to ICKES and NUSSBAUM. He does not recall assigning anyone to be the point person on this issue. McLARTY recalls general discussion about the meeting between ALTMAN and White House officials on February 2, 1994, and this discussion probably was with ICKES and NUSSBAUM. The meeting on February 2, 1994 was an informational meeting since the information had already been publicly disseminated. ALTMAN had received an opinion prior to attending the meeting that his attendance at such a meeting would not be improper.

McLARTY does not recall ICKES or NUSSBAUM telling him that recusal had been discussed at the meeting on February 2, 1994. McLARTY does recall there had been some discussion as to whether ALTMAN's testimony before the Senate committee had been complete and accurate.

McLARTY does not recall specific discussions about the meetings which had occurred in the fall of 1993. There may have been general discussions about the meetings during that time. Obviously, ALTMAN's testimony raised some questions at the White House because it had to be amended several times through correspondence with the Senate. McLARTY is not aware of anyone at the White House calling ALTMAN regarding the issue of ALTMAN amending his testimony before the Senate committee.

McLARTY has no recollection of discussing ALTMAN's Senate testimony with either the President or the First Lady. One discussion McLARTY did have with President CLINTON was about determining the appropriate posture for a response to inquiries. McLARTY believes ICKES and NUSSBAUM would have briefed the

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**CONFIDENTIAL**Continuation of FD-302 of THOMAS F. McLARTY, On 5/2/94, Page 8

President and told him that nothing improper had occurred. McLARTY does not recall being present at that meeting. The President held the opinion that it would have been better if the meetings had not occurred but that nothing improper had occurred.

McLARTY has never met JAY STEPHENS and he was not initially aware of the fact when STEPHENS was hired by the RTC to investigate the MGSL matter. McLARTY has never had a detailed discussion with anyone at the White House about the hiring of STEPHENS by the RTC. McLARTY was not part of any White House effort to contact Treasury officials about removing STEPHENS from his position at the RTC. McLARTY was not aware of a telephone call from advisor GEORGE STEPHANOPOULOS to either ALTMAN or JOSH STEINER at Treasury prior to the call being made. McLARTY has since spoken to STEPHANOPOULOS, who said that he made the call because he was angry but he has since regretted making the call. McLARTY believes that STEPHANOPOULOS called STEINER. McLARTY does not know, other than through press accounts, whether STEPHANOPOULOS spoke to the President about the hiring of STEPHENS. McLARTY believes that STEPHANOPOULOS may have acted in a rash manner when he called STEINER but not with any ill intent.

McLARTY believes he may have had a conversation in passing with the President about the STEPHANOPOULOS call to the Treasury official. McLARTY recalls believing that STEPHANOPOULOS should not have called STEINER but it was understandable why he did so. He also recalls that the matter was receiving serious attention in the press so it was decided that LLOYD CUTLER would handle the issue since that appeared to be the most appropriate response.

STEPHANOPOULOS has been able to remain on the White House staff despite the call to STEINER because he underscored that he had acted in a hasty manner. NUSSBAUM, in contrast, had become involved in handling issues which had become controversial and were hurting the agenda of the Administration. NUSSBAUM had said he had attended the meeting with Treasury officials and he continued to say it had been proper to have done so.

McLARTY does not recall how he learned of ALTMAN's recusal, and he did not discuss ALTMAN's recusal with the President. McLARTY did not become aware of a letter of apology sent by ALTMAN to the President until after McLARTY received a copy of the letter. McLARTY does not recall discussing the letter with the President or anyone else. McLARTY sent a note

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**CONFIDENTIAL**Continuation of FD-302 of THOMAS F. McLARTY, On 5/2/94, Page 9

back to ALTMAN in which he acknowledged that ALTMAN's position was difficult and ALTMAN was trying to handle the situation appropriately. McLARTY wrote that this response was "vintage ALTMAN." McLARTY believed that ALTMAN's note to the President was appropriate and demonstrated that ALTMAN was attempting to deal with a difficult situation in a constructive manner.

McLARTY recalls an occasion in the Oval Office at the White House at which the President expressed amusement and concern about the hiring of STEPHENS by the RTC. McLARTY does not recall when this occasion in the Oval Office occurred. McLARTY recalls the President's mood as being one of concern, frustration and amusement. The appointment of STEPHENS to such a position with the RTC did not seem logical to McLARTY. McLARTY recalls that senior advisor BRUCE LINDSEY was already in the Oval Office prior to McLARTY's arrival there. LINDSEY was preparing to leave the Oval Office as McLARTY was coming in. McLARTY now believes that LINDSEY remained in the Oval Office while McLARTY discussed the hiring of STEPHENS with the President. The President did not ask for any action to be taken in regard to the hiring of

●STEPHENS.

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## OFFICE OF THE INDEPENDENT COUNSEL

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 TESTIMONY OF :  
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 HILLARY RODHAM CLINTON :  
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Sunday, June 12, 1994

Washington, D. C.

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Testimony of

HILLARY RODHAM CLINTON

before the Independent Counsel, held at The White House,  
 Washington, D. C., beginning at 3:55 p.m., when were present  
 on behalf of the respective parties:

FOR THE INDEPENDENT COUNSEL:

ROBERT B. FISKE, JR., ESQ.  
 Independent Counsel

RODERICK C. LANKLER, ESQ.  
 Associate Counsel

FOR HILLARY RODHAM CLINTON:

LLOYD N. CUTLER, ESQ.  
 Counsel to the President

DAVID E. KENDALL, ESQ.  
 Williams & Connolly  
 Washington, D. C.

OIC 000449

Court Reporter:

Elizabeth A. Eastman

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P R O C E E D I N G S

WHEREUPON,

HILLARY RODHAM CLINTON

having been called for examination by the Independent Counsel, and having been first duly sworn by the notary, was examined and testified as follows:

## EXAMINATION BY THE INDEPENDENT COUNSEL

BY MR. FISKE:

Q Mrs. Clinton, we've had some conversations with Mr. Kendall before we started and I think you probably understand this. What we are trying to do today is cover the so-called Washington aspects of what we have been doing, which are essentially events relating to the death of Vincent Foster, events that occurred in the White House after his death, and any subject of contacts between the White House and the Treasury officials.

There obviously are a lot of questions about what went on or didn't go on in Arkansas that we will want to talk to you about later. But those are not on the program for today.

A All right.

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MR. FISKE: I think maybe it would be useful to start the way we did with the President and ask the two lawyers to identify themselves.

MR. KENDALL: David E. Kendall of the firm of

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1 Williams and Connolly, and I represent Mrs. Clinton in her  
2 personal capacity.

3 MR. CUTLER: I am Lloyd N. Cutler, Counsel to the  
4 President, and I am here representing the First Lady in her  
5 official capacity.

6 BY MR. FISKE:

7 Q Mrs. Clinton, Mr. Kendall was here representing the  
8 President, and I take it that have discussed with Mr. Kendall  
9 and with your husband the fact that he is representing both  
10 of you?

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11 A Yes, we have.

12 Q And you are comfortable with that?

13 A Yes, I am.

14 Q Fine. Let me start by showing you two documents  
15 which we have marked as Exhibits 1 and 2, which are subpoenas  
16 that were served on the White House in March and May of this  
17 year, calling for on the one hand documents relating to  
18 contacts between the White House and Treasury, and, in the  
19 second subpoena, documents relating to Vincent Foster.

20 We have not served personal subpoenas on you or the  
21 President, but Mr. Kendall has explained to us that your  
22 personal files have been searched and that any personal  
23 documents that you have that would be responsive to those two  
24 subpoenas have, in fact, been produced. Is that correct?

25 A Yes, that is correct.

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1 Q We would like to start by talking about Mr. Foster.  
2 I take it you knew him for a long time?

3 A Yes, I have.

4 Q You worked together with him at the Rose Law Firm?

5 A Yes.

6 Q In terms of the lawyers that you worked with at the  
7 Rose Law Firm, how would you place Mr. Foster in terms of the  
8 frequency with which you were associated with him, as opposed  
9 to other lawyers?

10 A Oh, I was probably associated with him among the  
11 three or four most frequent associations with respect to work  
12 that I did with other lawyers during my time at the Rose Law  
13 Firm.

14 Q Okay. And you were personal friends as well?

15 A Yes, we were.

16 Q Did you have the kind of personal relationship  
17 where he would from time to time discuss confidential  
18 personal matters with you?

19 A Very rarely. That was not something that he did  
20 with me at least, and I don't believe very often with anyone.

21 Q During the time before your husband became  
22 President, had Mr. Foster done any personal work for you or  
23 your husband?

24 A Yes.

25 Q What type of work?

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1           A     Well he in many respects was kind of an ongoing  
2 counselor to us in many matters, and I don't know that I can  
3 point to any specific instances. But at least on one  
4 occasion I believe he was an attorney of record for me many  
5 years ago arising out of some action taken by Legal Service  
6 Corporation, and we needed to enter an appearance. I'm vague  
7 about it, but I think that occurred probably in the late  
8 1970s, if I recall.

9           But on many other occasions he would be the person  
10 that I would go to for advice of a legal or quasi-legal  
11 nature. He was someone that both my husband and I turned to  
12 for advice and counsel. It was a continuing relationship of  
13 that nature, but I can't really pull out any specific  
14 instances. But I certainly relied on his advice on many  
15 occasions.

16          Q     Would it be fair to say that you and your husband  
17 included the Fosters in your close circle of friends?

18          A     Yes, it would.

19          Q     Did you have any role in his selection as Deputy  
20 White House Counsel?

21          A     Well, I certainly thought it was a good idea.

22          Q     Other than expressing that opinion?

23          A     I don't know that it really was much of an opinion  
24 needed. My husband thought very highly of Vince and wanted  
25 him to come to Washington, and I think decided that would be

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1 the appropriate role, which I certainly thought was a good  
2 idea.

3 Q Did you have any conversations with Mr. Foster  
4 yourself about that prospective appointment?

5 A I'm sure I did. But I don't recall anything  
6 specifically, other than urging him to do it if he thought it  
7 was a good idea for him.

8 Q Did he express to you any reluctance about coming  
9 to Washington and taking this job offer?

10 A Not to me. The nature of our conversations were  
11 very positive about what he saw as a great professional  
12 challenge. That's all I recall.

13 Q Had you heard at the time from anyone else that he  
14 had any concern about leaving Arkansas and coming to  
15 Washington?

16 A No. No one told me that, that I remember.

17 Q Could you just tell me, in the best of your memory,  
18 during this period of time in the two or three years before  
19 you all came to Washington, how frequently did you see Mr.  
20 and Mrs. Foster socially?

21 A Socially?

22 Q Yes.

23 A Let's see. From like around, what, 1989 or '90?

24 Q Yes.

25 A We saw them on a regular basis, but I wouldn't say

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1 a frequent basis, partly because 1990 was an election year  
2 for my husband. And then by, you know, late '91 he was in  
3 the campaign. We didn't have much time to socialize with  
4 anybody. In fact, it was one of the things that we used to  
5 regret and we would laugh about with the Fosters when we did  
6 see them that, you know, we just didn't have time to have fun  
7 any more or to go to our friends' houses for dinner and do  
8 the things that we used to be able to do much more  
9 frequently.

10 So, toward the time leading up to my husband being  
11 President, our social activities with everyone, including the  
12 Fosters, was much less than, you know, it had been in  
13 previous years probably.

14 Q From the period of time that you all came up to  
15 Washington and your husband became President in January of  
16 '93, right through the time of Mr. Foster's death, how  
17 frequently did you see him?

18 A Well, when I went over to the West Wing office, I  
19 would sometimes see him several times a day or sometimes not  
20 at all. It was a -- there was no regular planned meetings.  
21 So, it was a very random kind of series of contacts.

22 Socially, we tried to have all of the people from  
23 Arkansas over for movies or for dinners. And we would always  
24 invite Vince, because he was up here for the first five or  
25 six months without his family. Toward the end of that time

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1 his daughter came and then Lisa came. But we always tried to  
2 invite him, as we did with the Hubbells and the others.

3 So, you know, I couldn't tell you exactly how many  
4 times, but, you know, a number of times, but particularly in  
5 the sort of Friday night gathering of friends and people, and  
6 we would try to mix it up with some of the new people we were  
7 meeting. But we always invited him.

8 Q And did you work with him on White House business?

9 A Only in a couple of instances. We were sued over  
10 the Federal Advisory Commission Act, or something like that,  
11 FACA. And I think -- and Vince was one of the lawyers  
12 involved in that, along with Steve Neuwirth and others in the  
13 counsel's office. So, occasionally I would talk to him if he  
14 would have questions about that. He did some work for the  
15 health care group on medical malpractice, and I think I had  
16 at least one meeting with him about that.

17 Those were the two main reasons why I met with him  
18 in a professional way.

19 And then he was the person in the counsel's office  
20 assigned to coordinate with our outside lawyers and  
21 accountants on the blind trust. So, I had several meetings  
22 with him about that.

23 Q Was he doing any personal work for you or the  
24 President other than the blind trust?

25 A Not that I'm aware of, no. Oh, wait. The only

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1 thing I would add to that is I think he also did some  
2 personal advising, or at least was in some way involved in  
3 the tax returns when they were being finalized for '93, but  
4 that was part of the blind trust work, as I recall.

5 Q Your own tax returns?

6 A Yes.

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7 Q Was he doing work, to your knowledge, with respect  
8 to the filing of the Whitewater tax returns?

9 A Not that I know of, no.

10 MR. CUTLER: This is while in the White House?

11 MR. FISKE: Pardon me?

12 MR. CUTLER: While in the White House?

13 MR. FISKE: Yes.

14 MRS. CLINTON: Not that I know of.

15 BY MR. FISKE:

16 Q When was the last time that you talked to Mr.  
17 Foster?

18 A You know, I've thought about that a lot because I  
19 don't recall it. I don't think I talked with him for a week  
20 before we left for Asia, and I did not talk to him all the  
21 time I was gone, and I left July 5th or 6th, as I remember.  
22 And then I got back to Arkansas on July 20th.

23 And I just don't have any memory of -- I never  
24 thought it would be the last time I ever saw him or talked to  
25 him. And I don't have any memory of when that was. But I

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2 Q So, as you sit there, you can't sort of bring back  
3 the last conversation you had with him?

9 And I'm sure I saw him in and around the office  
0 after that, after that mid-June phone call. I remember it  
1 was mid-June, because it was around Father's Day because  
2 that's one of the reasons they were all gathered together and  
3 were going to be doing some things together.

18 Q Again, talking about the time from January '93  
19 right up through July, did he ever express to you during that  
20 period of time any concern about anything that was troubling  
21 him, either in his job here at the White House or in his  
22 personal life?

23 A No. I mean, he like everybody would say things  
24 about, you know, how tough this was, and how different it  
25 was, and how stressful it was. And I would, you know,

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1 express the same feelings. I think we were all amazed at  
2 some of what we found when we got here.

3 But he never confided in me. He never told me -- I  
4 didn't know until after he died that he took the Wall Street  
5 Journal editorial seriously. If I had known that, I would  
6 have, you know, said something funny or dismissive in some  
7 way. But he never said that to me.

8 So, I don't have any specific memory of any  
9 conversation that went beyond the, you know, general blowing  
10 off steam about, I can't believe this place, or can you get  
11 over this, or stuff like that.

12 Q Let me just ask you about a few specific things  
13 just to be sure. Did he ever express any concern to you  
14 about anything having to do with sort of nominations that  
15 didn't work out?

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16 A No, not to me.

17 Q How about anything related to problems connected  
18 with the travel office situation?

19 A Not that I recall, no.

20 Q Did you ever hear from any source that back then he  
21 had given consideration to resigning from his job?

22 A No. I have heard since his death from people who  
23 say that they thought he might have considered that, but he  
24 never said anything to me about it.

25 Q So, the last time you talked to him, whenever that

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1 was, if you can sort of go back to that time in your mind,  
2 how would you assess sort of his attitude towards what he was  
3 doing and life in general?

4 A Well, you know, the last specific conversation I  
5 can recall is this phone conversation which was either Friday  
6 or Saturday before Father's Day, whenever that was. I guess  
7 it was like mid-June, because Father's Day is next week and  
8 that is like June 19th. So, I guess it was probably around  
9 that time.

10 And, you know, I mean, there was nothing. He said,  
11 well, why don't you come out to dinner with us and, you know,  
12 you need to be with us. We've got a lot of friends up here.  
13 Let's just have a good time and, you know, I was saying, you  
14 know, I just couldn't do it because I had too much else to  
15 do. And that's all. That's all I remember from all of June.

16 Q Did he ever express during this time, that is  
17 January through July, any concern to you about anything  
18 relating in any way to his personal life?

19 A No. And I have a distinct memory, I don't know  
20 when it was, of him celebrating Laura's birthday and bringing  
21 her to one of our Friday night movies. And I remember seeing  
22 them walk in together. He had his arm around her and they  
23 looked so happy. And it was shortly before Lisa was getting  
24 there and shortly before, I think, Vincent was getting out of  
25 school. And he seemed very -- you know, he seemed very happy

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1 that finally he was going to have his family back.

2 And I think it had been hard on him, you know,  
3 being an involuntary bachelor for all those months. At  
4 least, that's the way he and his daughter were talking when I  
5 saw them.

6 Q Did he ever express any concern to you about  
7 anything relating to any potential legal problems that you or  
8 the President might have relating to Whitewater?

9 A No. We never talked about that. That was -- that  
10 was something that I can't ever recall having any  
11 conversation with him about after we got here. He had  
12 handled the sale right before we left because, as I recall,  
13 somebody else was going to do it and couldn't, and he did it.  
14 But that's the only conversation, and that was before we  
15 moved here, that I can remember with him about Whitewater.

16 Q Did he express any concern to you during this  
17 period about any legal problem that he thought you or the  
18 President might have?

19 A No. No, I mean, other than this lawsuit that we  
20 were, you know, fighting over this FACA statute.

21 Q I meant personal.

22 A No.

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# TRANSCRIPT OF PROCEEDINGS

UNITED STATES SENATE  
COMMITTEE ON BANKING, HOUSING AND URBAN AFFAIRS

**ORIGINAL**

TRANSCRIPT OF CONVERSATION

C O N F I D E N T I A L

(THIS TRANSCRIPT WAS PREPARED FROM A TAPE RECORDING.)

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# TRANSCRIPT OF PROCEEDINGS

UNITED STATES SENATE  
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TRANSCRIPT OF CONVERSATION

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1                   FIRST VOICE: Whether under normal circumstances  
2       -- preoccupied with Whitewater, I don't know, but you know,  
3       because that's the catch word -- get after that -- it  
4       seems, to ask and ask and ask --

5                   SECOND VOICE: It seems to have become a catch-  
6       phrase.

7                   FIRST VOICE: Yes, and I think that somehow or  
8       other, we're going to have -- this group eventually is going  
9       to have to make some kind of statement about whether or not  
10      there is any loss to Madison, ever, to Whitewater because --  
11      they had no -- there, so that crosses off the most obvious  
12      choice.

13                   Probably, and Ann, I'm sure you know this better  
14      than I do, so many checks went in and out of there that it's  
15      hard to say exactly what happened in that checking account.

16                   What I should have brought along and didn't, was  
17      Gary had given me a ledger -- not a ledger but a statement  
18      of debits and credits from Whitewater and he also had found  
19      this by the time I got here. He had one folder of material  
20      that -- he had one folder of material that had these work  
21      papers in it, it happened to be from Maple Creek Farms.

22                   So my first question is, is there anything else

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1       like this, this kind of a listing for the other projects.

2       And I'll show you the reason why this one's --

3               SECOND VOICE:  -- to do with \$30,000 engineering  
4       survey --

5               FIRST VOICE:  I didn't bring along the chart.  On  
6       the sheet that -- you know, it shows money in and out of the  
7       Whitewater checking account.  From that, when I looked at  
8       it, -- this is 1985, but it doesn't really show when.

9               I can see on there that in April of '85,  
10       Whitewater wrote a \$30,000 check to McDougal and there are  
11       notes in there about it becoming a cashier's check, and then  
12       who knows what happened to it.

13               SECOND VOICE:  Well, we know what happened to  
14       that particular cashier's check.

15               FIRST VOICE:  What?

16               SECOND VOICE:  We subsequently found out there  
17       was an on-going investigation.  After McDougal put that  
18       \$30,000, he voted himself or Madison Financial gave him a  
19       \$30,000 bonus, based on the previous year's performance at  
20       Madison Financial -- so he took that \$30,000 and he told  
21       Greg Young, who was the CFO at the time, to deposit it  
22       directly in Whitewater's account, which he did.

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1                   At the time the deposit was made, Whitewater's  
2                   account was overdrawn to the tune of almost \$28,000.

3                   FIRST VOICE: Oh, okay.

4                   SECOND VOICE: So where the \$28,000 had gone or  
5                   what prompted a \$28,000 overdraft in the account, was a  
6                   check that had been written for a cashier's check to Madison  
7                   Guarantee and that cashier's check for \$30,000 was made  
8                   payable to Earth Movers -- excuse me -- it was made payable  
9                   to -- it was endorsed by Earth Movers Inc. It was made  
10                  payable to Earth Movers, Inc. and was endorsed by J.W.  
11                  Fulbright and deposited to Riggs National Bank in  
12                  Washington, D.C.

13                  And that's what caused the overdraft. So  
14                  McDougal had Madison Financial give him a bonus for \$30,000  
15                  which they put in to cover the overdraft.

16                  FIRST VOICE: Well, I guess that I don't know,  
17                  maybe, then --

18                  SECOND VOICE: You want to know how to reserve  
19                  for development time, then?

20                  FIRST VOICE: When this -- this account must have  
21                  been at Madison. I guess I'm confused when you say Madison  
22                  Financial gave him a bonus, then is it appropriate to think

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1       that this entry in here is related to that, or maybe not?

2               SECOND VOICE: I don't think there's any  
3       relationship. There is this property, a piece of  
4       documentation, that I found in the files that belonged to  
5       Greg Young, who was the former CFO of both Madison Guarantee  
6       and Madison Financial. That's just a ledger sheet that --  
7       reserve for development and it appeared that he had done  
8       them on some of the other Madison Financial developments in  
9       addition to Maple Creek Farms.

10              But that was the only place that I saw any -- to  
11       Whitewater development per se. And it made no sense to me,  
12       April, why they would zap Whitewater \$30,000 for an  
13       engineering survey on property that Whitewater had no  
14       technical or legal ties to that we could find.

15              FIRST VOICE: So, then, okay, you've already  
16       looked into this and, I went through the one folder that was  
17       there and I didn't see any other Whitewater entries, so I'm  
18       assuming from what you're saying that that is it, in terms  
19       of those kinds of ledger sheets.

20              SECOND VOICE: Yes.

21              FIRST VOICE: It's that kind of crap that if, and  
22       I don't know if it gets us to any of it or not, because

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1 obviously this money could go into Whitewater and then money  
2 came out of Whitewater, so what you end up with net at the  
3 end is still a question mark.

4 I think, if they can say it honestly, the head  
5 people, Jack Ryan and Ellen Kulka would like to be able to  
6 say Whitewater did not -- Madison.

7 We don't know, you know, what Fiske is going to  
8 find and we don't offer any opinion on it.

9 But the problem is nobody has been able to say  
10 Ryan and Kulka -- if they say that, that's fine -- because,  
11 you know, even though Whitewater did not have loan, -- it's  
12 been these kind of things that mean there was a loss that is  
13 hidden.

14 So this is okay.

15 I don't know if there's any other way to research  
16 whether -- and then I'm sorry to ask the same questions I'm  
17 sure that others have asked -- did Whitewater cause a loss  
18 to Madison, how we could get to a more definitive answer.

19 And I guess from the criminal --, I've looked at  
20 them quickly, and I'm sure you're much more into them, but  
21 my sense at the end is that, you know, more research is  
22 needed to trace the -- so would you assume -- is probably

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1 out trying to trace it to Madison, or to Whitewater.

2 SECOND VOICE: Based on what Mr. Fiske has said -  
3 -that there is absolutely nothing -- you and I have the same  
4 problem on that -- what he's doing.

5 All I know at this juncture is what the  
6 allegations were that I made in the criminal -- and the  
7 Whitewater development was part of a whole. There were 12  
8 McDougal controlled entities, and I'm calling them McDougal  
9 controlled because I don't know how much control is exerted  
10 over any of these other institutes by any -- part of.

11 I know that money came in and out and went to  
12 various parties, Jim Smith, -- Tucker -- and it's real  
13 difficult to take Whitewater out of the whole. It's like  
14 trying to isolate one microbe out of an amoeba.

15 FIRST VOICE: That's a good point, that's a good  
16 point. And that's contrary to the way McDougal ran the  
17 bank. I mean, you know, he was purposely commingling all  
18 the time.

19 SECOND VOICE: I believe he was purposely  
20 commingling the funds. And I will tell you my assessment of  
21 the fact, based on what has been McDougal's -- there's a  
22 chronic overdraft situation that I've found to be absolutely

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1 pervasive throughout the entire institution, from small DBAs  
2 to huge accounts like -- or Madison Financial overdraft  
3 that's referenced in one of those criminal referrals for  
4 \$2.7 million.

5 It ran the gamut. He was absolutely  
6 indiscriminate about what he approved and what he didn't  
7 approve. He let checking accounts go into the red on a  
8 regular basis, including his own which was overdrawn at  
9 times by \$200,000.

10 So from that standpoint, I know that Whitewater,  
11 over a six month period, paid \$70,000 in checks, the large  
12 majority of them going to the bank for what appeared to be,  
13 if I am to believe a notation in the memo -- payments on  
14 real estate, -- development, to purchase.

15 And if that's the case, then out of the \$70,000  
16 worth of checks that were written in that six-month period  
17 of time, over \$60,000 of those checks were drawn on  
18 insufficient funds.

19 Now, if you can --

20 FIRST VOICE: Right. That's a loan, that's an  
21 unsecured loan.

22 SECOND VOICE: That's an unauthorized loan,

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1       that's absolutely right. So if you make an unauthorized  
2       loan like that, and that's a six month period, and so I had  
3       no way of knowing exactly what -- two-year period of time.

4               And if I went back and looked at all the  
5       available film we have on this, and we put the manhours into  
6       it that it would actually take, which is the reason that I  
7       confined my particular research to a six-month period,  
8       because it would have been counterproductive to do  
9       otherwise, if I did it for two years, I can almost promise  
10      you that the money coming in and out of that account,  
11      because of the activity that I found in such a short period  
12      of time, would easily exceed \$100,000.

13             And it would consistently come out in an account  
14      that maintained a minimal balance. I mean, I looked at --  
15      checks came in every month for \$284 and that's it.

16             FIRST VOICE: Well, --

17             SECOND VOICE: If you want me to sit here and  
18      give you unequivocal answer to whether or not Whitewater  
19      caused the losses, I can't do it.

20             All I can tell you is what I found in the  
21      referrals and the allegations I have made that yes, I  
22      believe that Whitewater caused Madison loss, just by virtue

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1 of the DBA account -- unauthorized loans that McDougal  
2 approved going out to -- and his business partners.

3 FIRST VOICE: -- this came from you or came from  
4 -- that somebody now has the ending balance on Whitewater.  
5 Maybe that --

6 One thing that -- asked me to do which I guess  
7 I'll give a shot at tomorrow -- is to call the acquiring  
8 institution and confirm that did they assume responsibility  
9 for that account. You know, at this point, I'm thinking  
10 that if this turns out to be -- or if the prosecutor already  
11 subpoenaed from them, if they won't tell me. But they  
12 should be more cooperative with us.

13 SECOND VOICE: You guys have an available  
14 resource that -- doesn't have. For criminal purposes, this  
15 department -- we can't do that. In criminal, we have to go  
16 straight to the U.S. Attorney's office, and recommend to  
17 them what we think they need to -- investigation.

18 If we had that power, I could have answered a  
19 hell of a lot more questions --. But we don't. We refer it  
20 to the appropriate authority and the appropriate authority  
21 declined that referral under what I would believe to be  
22 extremely questionable purposes.

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10

1 FIRST VOICE: I don't know. I don't know what to  
2 say.

3 SECOND VOICE: That was after the election.

4 FIRST VOICE: First time.

5 SECOND VOICE: The first referral?

6 FIRST VOICE: Yes.

7 SECOND VOICE: Was declined on November --.

8 FIRST VOICE: -- of '92 and declined in

9 SECOND VOICE: But again, under that criteria,  
10 it's real hard -- Whitewater as one piece of the pie out of  
11 the pie.

12 FIRST VOICE: That's true. I think that's very  
13 true.

14 Well, as I say, -- I feel self-conscious asking  
15 that. In some ways it's kind of a silly question. They're  
16 looking for what they can say, and I do believe they want to  
17 say something on it, but I don't believe at all, and I don't  
18 want to suggest at all, that they want us to move to certain  
19 conclusions. I really don't get that feeling.

20 But there are answers they would be happier  
21 about, you know, because it would get them off the hook.  
22 That would be about Whitewater.

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1                   So that's why we keep getting asked the same  
2 things.

3                   SECOND VOICE: I think I understand what you're  
4 saying is, and -- what my perspective is.

5                   I -- predict whatever answers are available.

6                   FIRST VOICE: That's right, yes.

7                   SECOND VOICE: And -- them up.

8                   THIRD VOICE: I want two copies.

9                   SECOND VOICE: As far as what would make them  
10 happier with a response, they would like to come back, I'm  
11 sure, with a politically correct response, but the bottom  
12 line is I don't know that they're going to be able to, and  
13 I'm not going to do anything to facilitate that.

14                   FIRST VOICE: No, no, no. And I agree with that.

15                   SECOND VOICE: And I'll tell you why I say that -  
16 -logic to making that comment.

17                   The loan payments that came out of the Whitewater  
18 account are -- funds. And I say -- because all these other  
19 little companies consistently made deposits into the  
20 Whitewater accounts, whenever they really needed to make  
21 some kind of mortgage or real estate payment.

22                   The funds that came into Madison out of these

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1 other little accounts don't exist. The other accounts were  
2 writing checks on funds they did not have. There was  
3 absolutely a kite. There was no doubt about it.

4 If you are in a real estate partnership with  
5 somebody and you've got \$200,000 some odd dollars in  
6 outstanding mortgages and bank notes that you've got to pay,  
7 and you're not making the monthly payments on them, and you  
8 are assuming your business partner is, and if you're not  
9 putting any money into this that can be documented anywhere,  
10 and I say this from the standpoint of all of these people  
11 collectively, Steve Smith, Jim -- Tucker, and Bill and  
12 Hillary Clinton.

13 You have to assume your business partner is  
14 making the payments for you and if he's making the payments  
15 for you, that is to your benefit if you are a partner in  
16 that corporation. And if you know his financial  
17 circumstances, you know his savings and loan is in trouble  
18 and insolvent, and you've been in business with him for a  
19 long time, it's --

20 FIRST VOICE: Well, I don't know the insolvent  
21 thing. I mean, that's -- I can't accept -- at what point  
22 you want to say that.

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1                   SECOND VOICE: I'm basing that on the Federal  
2 Home Loan Bank exam. And according to -- that the S&L is in  
3 deep, serious trouble in 1985 cannot be disputed.

4                   FIRST VOICE: That's true and I guess I can't  
5 accept that -- Bill Clinton had the federal exam, which is  
6 confidential and I mean --

7                   SECOND VOICE: Oh, know. I'm not concluding that  
8 at all. I'm just saying that if your business partner is  
9 making loan payments to -- then you've got to question,  
10 excuse me, if those loan payments were being made, then  
11 you're assuming that your business partner's making them.  
12 And you know you're not putting money into it.

13                   What's he doing, taking it out of his pocket?  
14 Because if it's your business venture, you've got to know  
15 what kind of capital is coming in and out of that business.

16                   You can't tell me you're just walking away from  
17 it blind. And these are business people. These people have  
18 an eye for detail. We're dealing with lawyers here. We are  
19 dealing with people like Jim -- Tucker and Hillary Clinton.  
20 They're attorneys.

21                   They -- You don't turn a blind eye to your  
22 business investments.

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14

1                   And if you're not putting money in, you have to  
2 wonder where the money's coming from that's making your real  
3 estate payments.

4                   FIRST VOICE: That's a fair point. That's a fair  
5 point.

6  
7                   SECOND VOICE: I think it's a very fair point --  
8 funds that were kited out of that account showed the benefit  
9 of all the business partners involved, all twelve of those  
10 corporations, and I would not take Whitewater out of it and  
11 single it out.

12                   I'd say, all those people, at some point, had to  
13 question where McDougal was getting the money to make the  
14 payments on all the mortgages in his bank.

15                   FIRST VOICE: And I guess I mean, whether there  
16 was any chance that, from the point of view of these other  
17 partners who were not in it on a day to day basis, that they  
18 could have thought that the loss was -- and that there was  
19 some type of income being generated from some of these  
20 projects. You and I know, at this point, the answer is no,  
21 you know, that all these projects were flops to one degree  
22 or another.

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15

1                   And McDougal knew that, there's no question about  
2                   it. But whether all of these other partners would have  
3                   known that, I don't know.

4                   SECOND VOICE: All of these other partners --  
5                   investments and saw that they were money losing ventures, if  
6                   you know in 1982 or 1983, that you've gotten yourself into  
7                   what appears to be a money losing venture and you still have  
8                   the overhead of this tremendous mortgage that you're having  
9                   to pay, and your business partner's making the payments,  
10                  because you're not really putting the money in, then the  
11                  question becomes, if you knew it was losing money then, you  
12                  knew it wasn't cash-flowing, so where was the money coming  
13                  from to make the mortgage payments of \$7,000 to \$8,000 a  
14                  month. Where was it coming from, and why didn't anybody  
15                  ask?

16                  And I think those are very legitimate questions.

17                  So can I say Whitewater didn't cause a loss, or  
18                  -- didn't cause a loss, or any of the other entities that  
19                  were combined partnerships -- Tucker and McDougal and Smith  
20                  and Clinton's and/or any of the above.

21                  No, I'm not prepared to say no, they didn't cause  
22                  a loss, because I'm saying that if somebody actually sat

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16

1 down and researched that entire situation, start to finish,  
2 and took all the -- accounts and accounted for every check  
3 that came in and out over a particular period of time --

4 (Discussion off the record.)

5 VOICE: What do you want, we're in the middle of  
6 a discussion. I know, I'm going to get her out of here  
7 shortly.

8 (Discussion off the record.)

9 SECOND VOICE: If anybody went back and actually  
10 researched that, check in and check out, on every single  
11 solitary account, and then managed to get a cash flow  
12 analysis on it, all the way through Madison and see where it  
13 stopped and how much money was actually lost out of the --  
14 private funds, you would wind up with hundreds of thousands  
15 of dollars in unauthorized loans that went out.

16 And I think realistically, if Mr. Fiske and his  
17 team actually found enough records to do that, and to  
18 reconstruct something like that, the conclusion they would  
19 come to is that Whitewater Development, along with Madison  
20 Marketing, -- Brook Manor, Rolling Hills Manor, and every  
21 other company named in that referral caused a collective  
22 loss to Madison.

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17

1           And the only way you can do that and break out  
2       Whitewater's individual loss is if you look at the whole and  
3       then you break them down one at time when you've finished  
4       the project and you've tracked the flow of funds straight to  
5       the institution. Otherwise, you can't do it.

6           McDougal was in the habit of approving overdrafts  
7       and I will tell you at one point, and I think I said this  
8       even in the referral, there was one overdraft charge on one  
9       Whitewater check when it came through, and it was recovered  
10      by McDougal the next day. He rebated it.

11           FIRST VOICE: You know, the thing of it is -- I  
12      wondered at the time that McDougal was prosecuted the first  
13      time, if the reason that he was acquitted was that it was  
14      just too hard for the prosecutors to explain either those  
15      transactions in a way the jury, in a way they could --  
16      criminal case, beyond a reasonable doubt stuff -- the  
17      records have always been crap, and they are.

18           SECOND VOICE: The records have always been crap,  
19      but if I could go in and pull out enough information to  
20      construct what we've constructed in the series of criminal  
21      referral, then I assure those records, although they are  
22      crap, if you dig through enough, there's information there,

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18

1 and you can find it.

2 And what I was told by the FBI men that worked  
3 the case the first time, that the reason -- is that they  
4 could not prove beyond a reasonable doubt how McDougal got  
5 the money out of the bank and where it went.

6 And they evidently didn't have the resources or  
7 the wherewithal or even sit down and look at all the little  
8 -- that were in that association.

9 And the way McDougal got the money out was by  
10 funneling it through Madison Financial and through various  
11 developments and through commissions and fees, and they  
12 tried to prove the commissions and fees in the first trial  
13 but it didn't fly.

14 FIRST VOICE: -- it may be that the only way to  
15 really prosecute this is to do it in a way that brings in  
16 the overall -- to pull out one transaction -- maybe, I don't  
17 know.

18 SECOND VOICE: To pull out one transaction, one  
19 set of transactions in a situation like -- they cannot do  
20 it, and for the press to go in, as it seems that they're  
21 doing -- and trying to totally isolate just Whitewater,  
22 that's just not fair because I will say this to you and

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19

1 anybody else that wants to hear it.

2 When this thing started out, when the  
3 investigation of Madison started out and I found what looked  
4 to me to be the beginnings of the check kite -- Madison  
5 Marketing, -- loan in the memo, that something smelled bad  
6 here is -- standard investigation procedure to trace funds  
7 to look at DBA accounts.

8 You go for it.

9 Well, as I went through this, Whitewater came up  
10 and there it was, and so unfortunately it got pulled in. So  
11 the intent was not Whitewater, the intent was to investigate  
12 Madison Guarantee from a criminal standpoint since all the  
13 CLS claims had already been closed out.

14 -- litigations had already been tied up. The --  
15 going to do anything -- because from what I understand --  
16 there were no assets.

17 FIRST VOICE: I think that's true.

18 SECOND VOICE: So it was all closed except  
19 criminal, and criminal went in, and this is what was found.

20 FIRST VOICE: I understand.

21 One thing I was curious about was I guess the  
22 criminal -- these are older institutions. I mean, I was

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20

1       there in '89 -- and they were over long too, and I don't  
2       know if they were that well organized to look at criminal  
3       things.

4               So did you guys just basically just start from  
5       the top and go back through all the institutions and look at  
6       criminal things?

7               I mean, one thing that's a little odd -- criminal  
8       look at Madison -- and I just don't --

9               SECOND VOICE: Well, just for the record, the --  
10       institutions originally I believe started out with --  
11       office. They were transferred -- to the office. The --  
12       office made me a job offer in the end of May of '91, and I  
13       started to work in July of '91 specifically for the purpose  
14       of handling or being the criminal coordinator for the  
15       Arkansas territory.

16               So at that point, I looked at all the other --  
17       institutions that had failed and there were 18 of them. And  
18       in talking with -- at that point in time, made the  
19       determination that although some of them had been examined  
20       by the U.S. Attorney, there was -- in Arkansas that had been  
21       looked at by the U.S. Attorney, they got one conviction --  
22       so there was no point in revisiting that one.

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21

1                   There was -- that the U.S. Attorney had looked at  
2                   the referrals and said, no, we're going to decline those.

3                   But I went back and looked at them and revisited  
4                   them the -- way, because I felt like it was my  
5                   responsibility because I didn't know what kind of work had  
6                   been done on the rest of them.

7                   And there was one -- First Federal Savings --  
8                   they had already submitted, OCS submitted three referrals  
9                   and -- turned them all three down.

10                  I went in and investigated, I think it was nine  
11                  more. They reopened the case, they investigated and they  
12                  have just gotten their fourth conviction.

13                  FIRST VOICE: Oh, good.

14                  SECOND VOICE: So when I go in, I start at the  
15                  top and I work my way down. And I had Madison targeted at a  
16                  specific point in time to go and do an investigation. And  
17                  then there were certain -- to be -- within the -- office  
18                  after that article appeared -- in the New York Times.

19                  FIRST VOICE: Yes. I wouldn't have remembered  
20                  the reporter's name, but, yes.

21                  SECOND VOICE: I remembered it because I kept  
22                  seeing it in by-lines again and again on this deal.

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22

1 I was asked if I had investigated Madison yet and  
2 I said well this is what I've got it schedule for, and then  
3 we made the decision, well, let's -- and move it up at that  
4 point. And it was no big deal because the other one that I  
5 was working on, I just kind of switched places with it,  
6 because I was just concluding the First Federal issue, and  
7 was through with that, and I was ready to start on a fresh  
8 investigation. And so we switched.

9 -- I had it slated for investigation three months  
10 later anyway.

11 (Discussion off the record.)

12 SECOND VOICE: Anyway, that's kind of the brief  
13 history.

14 FIRST VOICE: To make a list of things that are  
15 wild about this whole deal, but I mean, the frenzy of the  
16 press, and I think you read so many articles and you get one  
17 grain of a fact and you know, go way far, and you know, --

18 SECOND VOICE: Some of our -- have been outright  
19 laughable.

20 FIRST VOICE: And it's a business, like the  
21 editors are pounding the table, get me a story about this  
22 somehow, find another angle on this story, you know. There

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23

1 was one in the Post on Sunday that -- the tax consequences  
2 of Whitewater.

3 I mean, under any normal circumstances, you know,  
4 how boring but they have to find a story.

5 SECOND VOICE: Under any normal circumstances, I  
6 think the U.S. Attorney's office probably would have looked  
7 at the first referral I sent in and done exactly what they  
8 told me. -- used to be the lead attorney over there.  
9 That's an excellent -- and it's prosecutable. The problem  
10 is it's political. And that's what he told me. I got the  
11 same thing from the FBI. It's very prosecutable but -- and  
12 that but comes with three little dots behind it.

13 FIRST VOICE: -- just that people, I mean --

14 SECOND VOICE: I don't know what actually  
15 transpired once the thing got to Justice. I don't know for  
16 a fact -- all I know is that it took them a year and two  
17 months to respond back to me and tell me that they would  
18 decline that referral on the basis of insufficient  
19 information.

20 You saw the referral, April. You've seen the  
21 exhibits; that's not insufficient information.

22 FIRST VOICE: No, no.

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1 SECOND VOICE: The problem is you've got to --  
2 FIRST VOICE: Well, I don't know, I mean.  
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## U.S. Department of Justice

## Criminal Division

Office of the Assistant Attorney General

Washington, D.C. 20531

*Duplicates*

July 18, 1994

Donald W. Riegle, Jr., Chairman  
 Alfonse M. D'Amato, Ranking Member  
 United States Senate  
 Committee on Banking, Housing, and Urban Affairs  
 Washington, D.C. 20510

Dear Senators Riegle and D'Amato:

Enclosed are Department of Justice records responsive to part (b) of your June 22, 1994 request relating to the Park Police investigation into the death of Vincent Foster. This response covers all Department of Justice components, but does not include documents solely in the custody and control of Independent Counsel Robert B. Fiske, Jr. The enclosed documents were produced from the Office of the Deputy Attorney General. We understand that you have obtained copies of the Park Police report and related Park Police records from the Department of the Interior; therefore, the Department of Justice has not provided additional copies of those records.

The Department will produce documents responsive to part (c) of your request as soon as Mr. Fiske determines that disclosure will not interfere with his ongoing investigation into the handling of documents in Vincent Foster's office. The Department has no documents responsive to part (a) of your request.

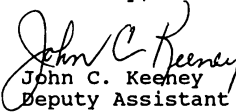
We have not construed your request to seek copies of other requests for documents. Thus, we have not produced FOIA requests and the like, departmental responses, or other documents relating to ongoing FOIA litigation. To the extent that newsclippings maintained by Department employees could be deemed responsive to the Committee's request, you should be aware that the Department provides a clippings service through the Office of Public Affairs and back clippings are available through that office. You and your staff are welcome to review the clippings. We have provided copies of clippings only if they are attached to a responsive document or otherwise contain responsive markings or notes.

We have redacted very limited information, consisting mainly of home addresses and telephone numbers, because of the concern for the privacy of persons named. Please feel free to contact me if you would like to review the redacted information. By

producing these materials to the Committee, the Department of Justice does not intend to waive any claims it may otherwise raise pursuant to FOIA.

If you have any questions, please feel free to contact me.

Sincerely,

A handwritten signature in cursive script, reading "John C. Keeney". The signature is written in dark ink and is positioned above the printed name and title.

John C. Keeney  
Deputy Assistant Attorney General

Enclosures